TALON RESOURCES INC

October 26, 2005

Mrs. Diana Whitney
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill—
State 2-2-14-22, 501' FNL, 2033' FEL, Section 2, T14S, R22E, SLB&M. Uintah County, Utah
State 6-2-14-22, 1981' FNL, 1988' FWL, Section 2, T14S, R22E, SLB&M. Uintah County, Utah

Dear Mrs. Whitney:

On behalf of Summit Operating, LLC (Summit)., Talon Resources, Inc. respectfully submits the enclosed original and two copies of the *Application for Permit to Drill (APD)* for each of the above referenced wells. Included with each APD is the following supplemental information:

Exhibit "A" - Survey plats and layouts of the proposed well site;
Exhibit "B" - Proposed location maps with utility corridors;
Exhibit "C" - Drilling site layout;
Exhibit "D" - Drilling Program;
Exhibit "E" - Multi Point Surface Use Plan;
Exhibit "F" - Typical road cross-section;
Exhibit "G" - Typical BOP diagram, Typical wellhead manifold diagram

Please accept this letter as Summit's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. David Lillywhite at 1-435-940-9001 if you have any questions or need additional information.

Sincerely,

Larry W. Johnson—Agent for Summit Operating, LLC.

cc: Mr. Ed Bonner, SITLA
Mr. David Lillywhite, Summit Operating
Mr. David Allin, Consultant to Summit Operating

RECEIVED
OCT 2 8 2005
DIV. OF OIL, GAS & MINING

P.O. # 1230 195 N. 100 West Huntington, Utah 84528
OFFICE (435) 687-5310 FAX (435) 687-5311 E-MAIL talon@etv.net

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: ML-49783	6. SURFACE: State
1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐	7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
B. TYPE OF WELL: OIL ☐ GAS ☑ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☑	8. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Summit Operating, LLC	9. WELL NAME and NUMBER: State 6-2-14-22
3. ADDRESS OF OPERATOR: 2064 Prospector Ave Ste 102 CITY Park City STATE UT ZIP 84060 PHONE NUMBER: (435) 940-9001	10. FIELD AND POOL, OR WILDCAT: ~~Seep Ridge~~ Undesignated
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1981' FNL, 1988' FWL 635249X 39.630462 AT PROPOSED PRODUCING ZONE: 1981' FNL, 1988' FWL 4387721Y -109.424079	11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 2 14 22 S
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 45 miles south of Ouray, Utah	12. COUNTY: Uintah 13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 1981'	16. NUMBER OF ACRES IN LEASE: 624
17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): See attached map	19. PROPOSED DEPTH: 11,473
20. BOND DESCRIPTION: N2315	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6758' GR	22. APPROXIMATE DATE WORK WILL START: 11/15/2005
23. ESTIMATED DURATION: 14 Days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-3/4"	9-5/8" J-55 LT&C 36#	2,000	HHF	350 Sacks	3.2 cu ft/ sk	11.6 ppg
			Premium	200 Sacks	1.17 cu ft/ sk	15.8 ppg
7-7/8"	5-1/2" N-80 LT&C 17#	11,501	Super flush/water			9.2/8.33 ppg
			50/50 Poz Premium AG	450 sacks	1.49 cu ft/sk	13.5 ppg
			Hi Fill Mod	405 sacks	3.85 cu ft/sk	11.0 ppg
			Premium AG	50 sacks	1.15 cu ft/sk	15.8 ppg

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☑ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Larry W. Johnson TITLE Agent for Summit Operating LLC

SIGNATURE [signature] DATE 10/26/05

(This space for State use only)

API NUMBER ASSIGNED: 43-047-37336

APPROVAL: **Approved by the Utah Division of Oil, Gas and Mining**

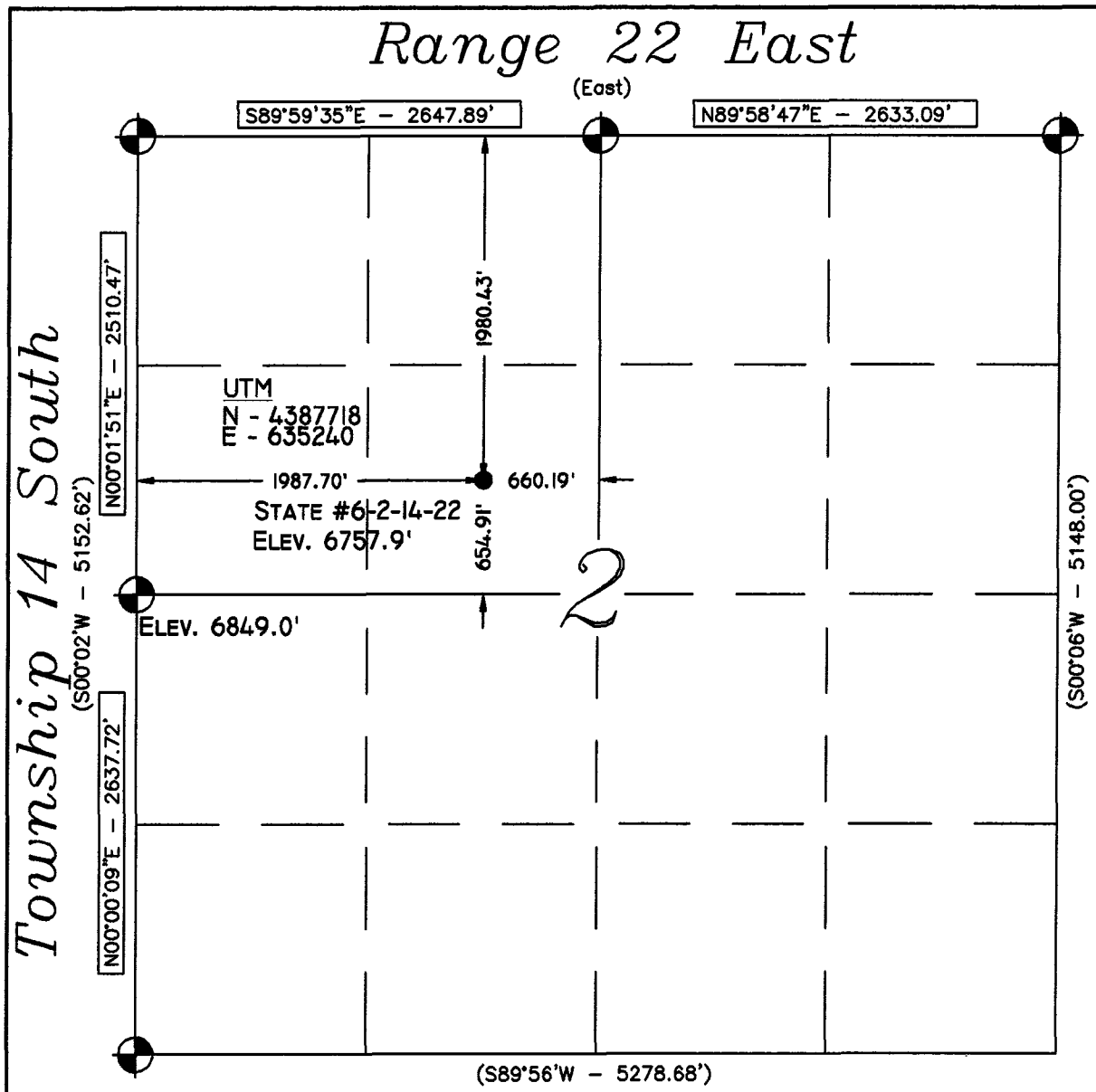
Date: 01-17-06
(See Instructions on Reverse Side)

By: [signature]

RECEIVED
OCT 28 2005
DIV. OF OIL, GAS & MINING

(11/2001)

CONFIDENTIAL



Location:
The well location was determined using a Trimble 5700 GPS survey grade unit.

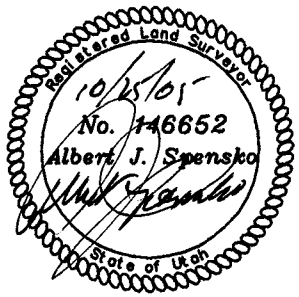
Basis of Bearing:
The Basis of Bearing is GPS Measured.

GLO Bearing:
The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:
Proposed Drill Hole located in the SE1/4 NW1/4 of Section 2, T14S, R22E, S.L.B.&M., being 1980.43' South and 1987.70' East from the Northwest Corner of Section 2, T14S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:
I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonsetv.net

Legend
- Drill Hole Location
- Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- Rock Pile
- ( ) GLO
- GPS Measured

NOTES:
1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°37'49.582" N
109°25'27.072" W

GRAPHIC SCALE
0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

SUMMIT OPERATING

State #6-2-14-22
Section 2, T14S, R22E, S.L.B.&M.
Uintah County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./J.S.H.
Drawing No. A-1	Date: 10/25/05
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1966

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Summit Operating, LLC
State 6-2-14-22
SE/4 NW/4, Sec. 2, T14S, R22E, SLB & M
1981' FNL, 1988' FWL
Uintah County, Utah

1. The Geologic Surface Formation

   Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1830'
Mesaverde Group	3590'
Castlegate	5452'
Mancos Shale	5785'
Dakota Silt	9428'
Dakota Marker	9476'
Morrison	9730'
Summervile/Curtis	10205'
Entrada Sandstone	10270'
Carmel	10415'
Navajo Sandstone	10484'
Kayenta	10628'
Wingate Sandstone	10760'
Triassic Chinle	11150'
Triassic Shinarump Conlomerate	11323'
Triassic Moenkopi	11360'

3. Projected Gas & Water Zones

   No Groundwater is anticipated to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

   Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 1500 psi for 15 minutes. Pressure drop is not to exceed 150 psi.

7) The Proposed Casing and Cementing Programs

Casing Program

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT,GRADE & JOINT	CONDITION
12-1/4"	2000'	9-5/8"	36# J-55 LT&C	New
7 -7/8"	11,473'	5-1/2"	17# N-80 LT&C	New

Cement Program

Surface Casing:

Lead: 350 sacks HHF
Weight: 11.6 # / gal
Yield: 3.2 cu.ft / sk

Tail: 200 sacks Premium
Weight: 15.8 # / gal
Yield: 1.17 cu.ft / sk

Production Casing: Two stage with multiple stage cementer placed at 9,400'

Stage 1: Lead: Super flush / water
Weight: 9.2 # / gal / 8.33 #/gal

Tail: 450 sacks 50./50 Poz Premium AG
Weight: 13.5 #/gal
Yield: 1.49 cu.ft/sk

Stage 2: Lead: 405 sacks Hi Fill Mod
Weight: 11.0 #/gal
Yield: 3.85 cu.ft / sk

Tail: 50 sacks Premium AG
Weight: 15.8 #/gal
Yield: 1.15 cu.ft/sk

The following shall be entered in the driller's log:

1) Blowout preventer pressure tests, including test pressures and results;

2) Blowout preventer tests for proper functioning;

3) Blowout prevention drills conducted;

4) Casing run, including size, grade, weight, and depth set;

5) How the pipe was cemented, including amount of cement, type, whether cement

circulated, location of the cementing tools, etc.;

6) Waiting on cement time for each casing string;

7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. An 11" 5,000 psi Double gate Hydraulic BOP with one (1) blind ram and one (1) pipe ram and Annular Preventer; equipped with a 3,000 psi automatic choke manifold. The BOP will be tested and charted using a BOP tester and test plug to 5,000 psi for 10 minutes. The Annular Preventer will be tested to 2,500 psi for 10 minutes. All text will be recorded in the Driller's log book. Physical operation of the BOP will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

Surface hole will be drilled with air/mist/foam
Long string hole will be drilled with KCL/gel/chem. mud

7. The Testing, Logging and Coring Programs are as followed

Testing –

DST's are not planned

Logging –

End of Surface casing - TD Gamma Ray, Density, Neutron, Porosity, Induction, Caliper, Sonic

Coring --

No coring is planned for this location

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 3,800 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: November 15, 2005.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

(a) prior to beginning construction;

(b) prior to spudding;

(c) prior to running any casing or BOP tests;

(d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Summit Operating, LLC
State 6-2-14-22
SE/4 NW/4, Sec. 2, T14S, R22E, SLB & M
1981' FNL, 1988' FWL
Uintah County, Utah

1. **Existing Roads**

   a. The proposed access road will be Constructed consistent with the State of Utah and Summit Operating, LLC, and will encroach on Uintah County Road 4610. County Road 4610 is the main access into this area.

   b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. **Planned Access**

   Approximately 1700' (.32 miles) of new access will be required (See Exhibit "B") Access is determined by acquired Right of way by the surface owner.

   a. Maximum Width: 24'

   b. Maximum grade: 10 %

   c. Turnouts: None

   d. Drainage design: 2 – 18" culverts may be required along the new portion of the road. Water will be diverted around the road as necessary and practical.

   e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

   f. Existing trees will be left in place where practical to provide screening and buffer areas.

3. **Location of Existing Wells**

   a. See Exhibit "B", Drawing L-1. There is existing well locations within a one mile radius of the proposed location.

4. **Location of Existing and/or Proposed Facilities**

   a. If the well is a producer, installation of production facilities will follow.

   b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. **Location and Type of Water Supply**

   a. Water to be used for drilling will be obtained from Bitter Creek, Permit #T75377

   b. Water will be transported by truck over approved access roads.

   c. No water well is to be drilled for this location.

6. **Source of Construction Materials**

   a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.

   b. No construction or surfacing materials will be taken from Federal/Indian land.

7. **Methods for handling waste disposal**

   a. A reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.

c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.

d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. **Ancillary Facilities**

a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. **Well-site Layout**

a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".

b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.

c. Access to the well pad will be as shown on Exhibit "B".

d. Natural runoff will be diverted around the well pad.

10. **Plans for Restoration of Surface**

a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.

b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.

c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.

e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. **Surface Ownership**

a. The well-site and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, Salt Lake City, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. **Other Information**:

a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is approximately 7 miles West. Nearest live water is in Willow Creek, 7 miles West.

b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.

c. The back-slope and fore-slope will be constructed no steeper than 3:1.

d. All equipment and vehicles will be confined to the access road and well pad.

e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**
David Lillywhite
Summit Operating, LLC.
2064 Prospector Avenue
Suite 102
Park City, Utah 84060
1-435-940-9001

Permitting Consultant
Larry W. Johnson
Talon Resources, Inc.
195 North 100 West
Huntington, UT. 84528
1-435-687-5310

Excavation Contractor
Stubbs & Stubbs Oilfield Construction
437 South 800 East
Vernal, Utah 84078
1-435-789-8874

Mail Approved A.P.D. To:
Company Representative

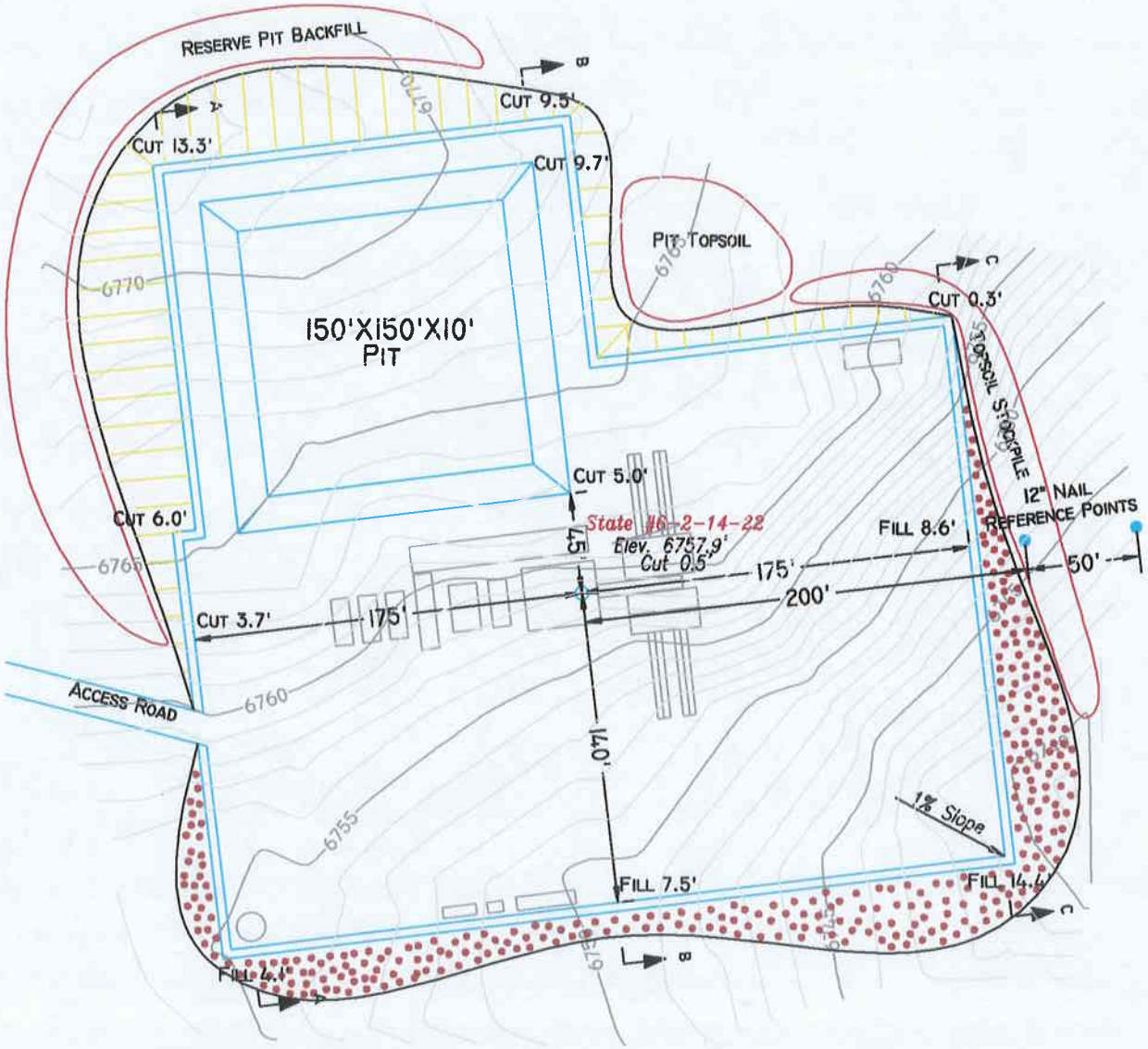
14. **Certification**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Summit Operating, LLC. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10/26/05
Date

Larry W. Johnson
Talon Resources, Inc.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6757.9'
ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6757.4'



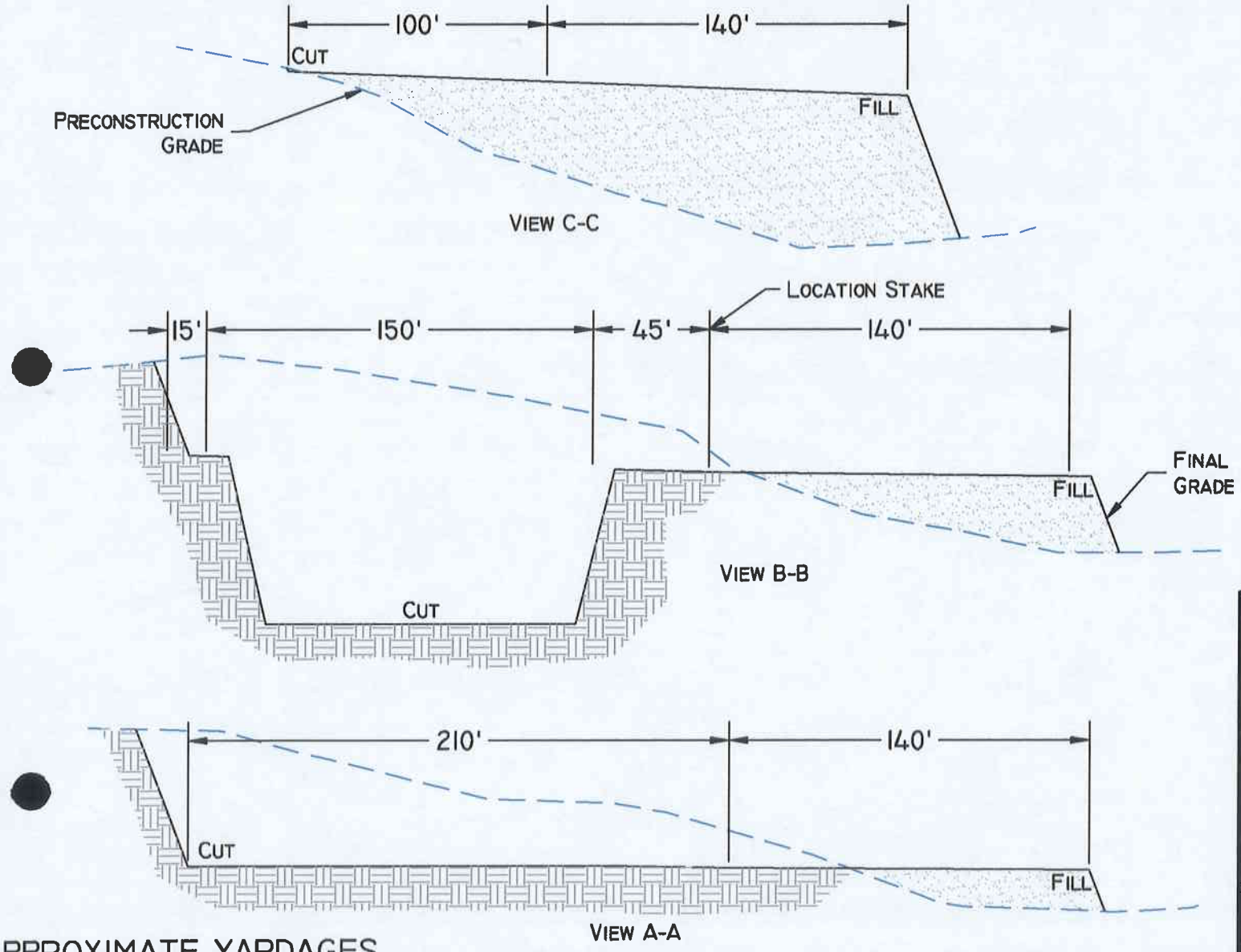
TALON RESOURCES, INC.
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

SUMMIT OPERATING

LOCATION LAYOUT

Section 2, T14S, R22E, S.L.B.&M.
State #6-2-14-22

Drawn By:	Checked By:
N. BUTKOVICH	L.W.J.
Drawing No.: A-2	Date: 10/25/05
	Scale: 1" = 80'
Sheet 2 of 4	Job No.: 1966



SLOPE = 1 1/2 : 1

APPROXIMATE YARDAGES

CUT

(6")TOPSOIL STRIPPING = 1,915 CU. YDS.

REMAINING LOCATION = 16,135 CU, YDS.
(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 22,915 CU. YDS.

TOTAL FILL = 12,735 CU. YDS.

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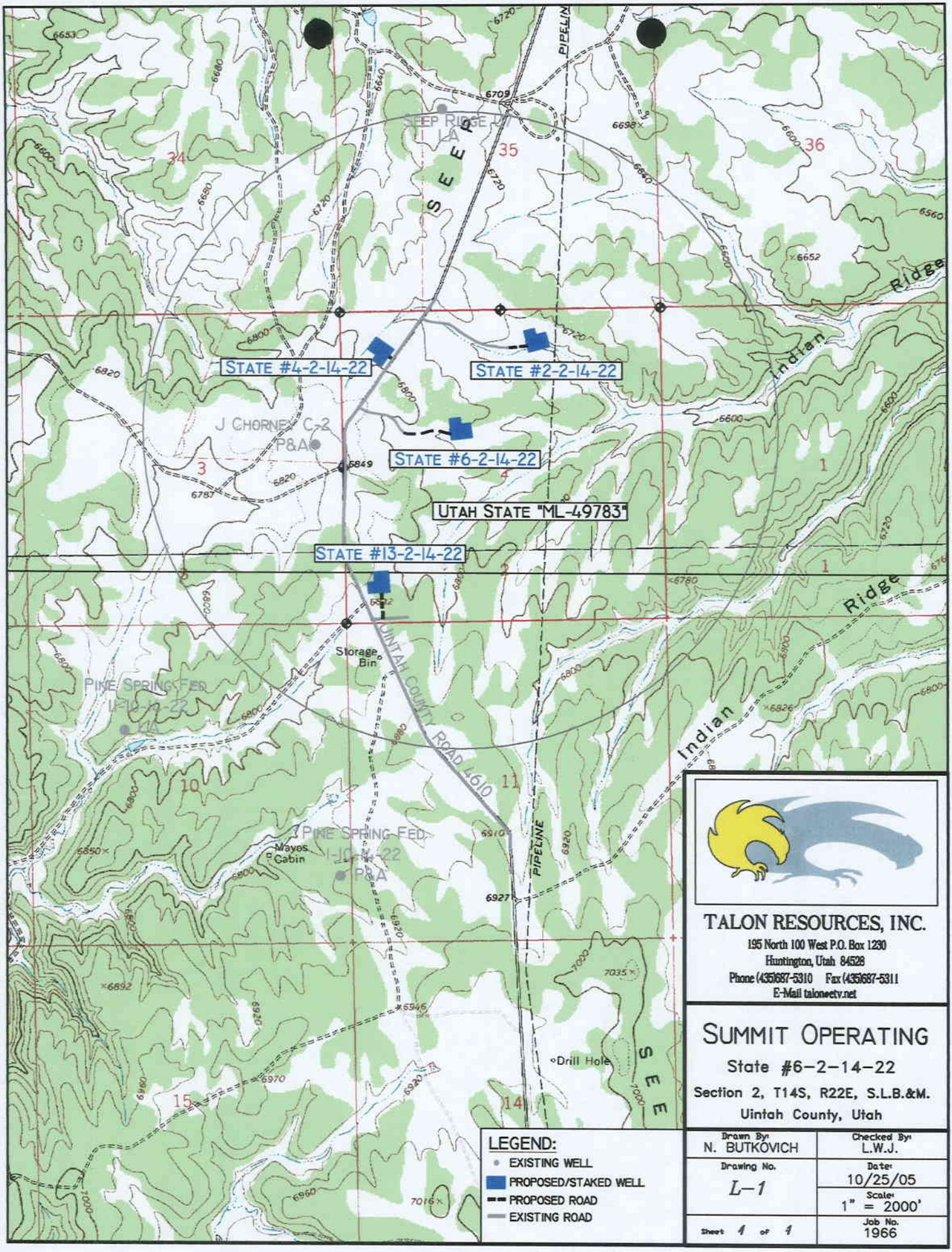
E-Mail talon@etv.net

SUMMIT OPERATING

TYPICAL CROSS SECTION
Section 2, T14S, R22E, S.L.B.&M.
State #6-2-14-22

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 10/25/05
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 1966



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E-Mail talonoetv.net

SUMMIT OPERATING

State #6-2-14-22

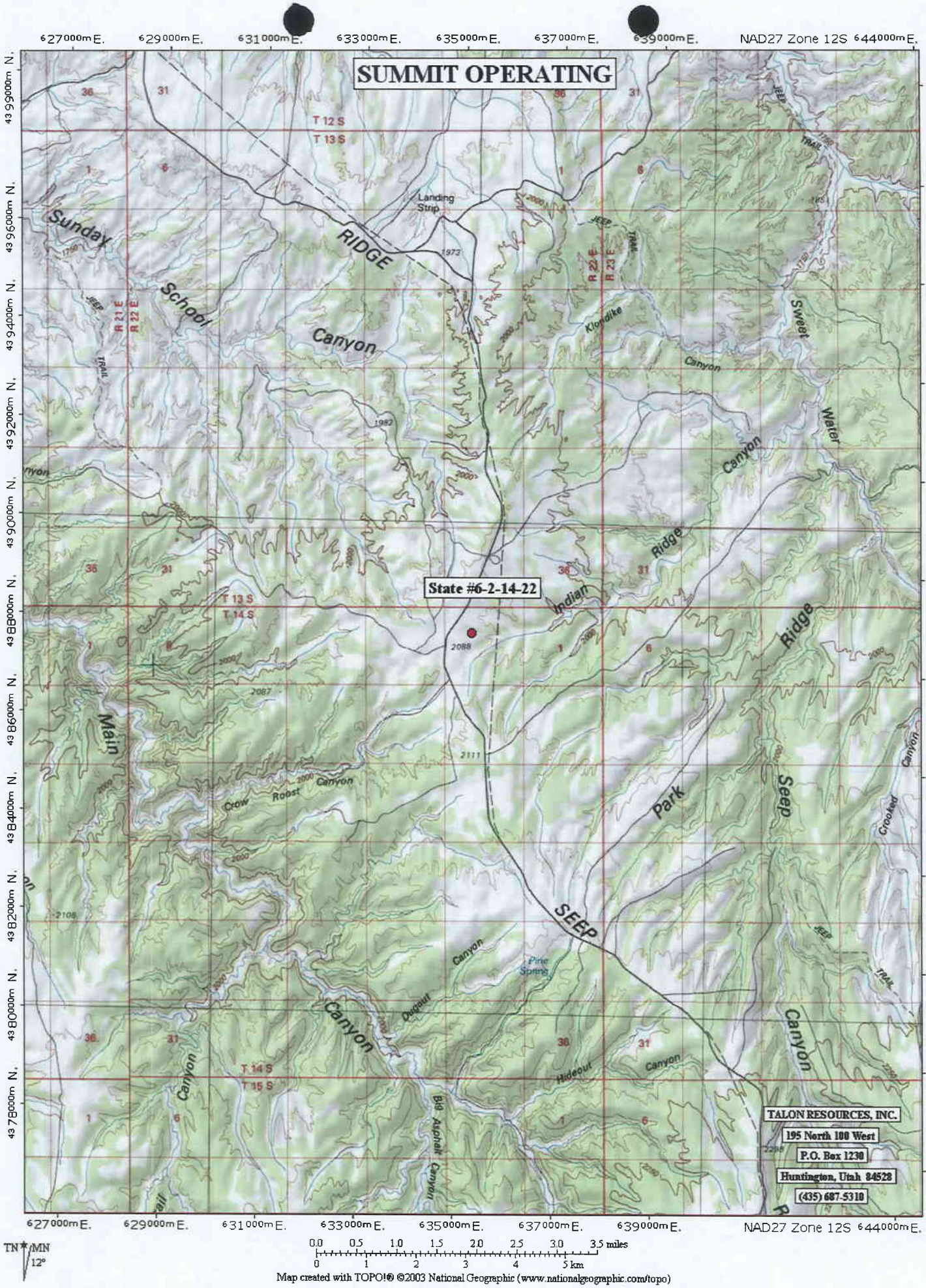
Section 2, T14S, R22E, S.L.B.&M.

Uintah County, Utah

LEGEND:

- EXISTING WELL
- PROPOSED/STAKED WELL
- PROPOSED ROAD
- EXISTING ROAD

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No.: L-1	Date: 10/25/05
	Scale: 1" = 2000'
Sheet 1 of 1	Job No.: 1966


SUMMIT OPERATING
State #6-2-14-22
627000m E.
629000m E.
631000m E.
633000m E.
635000m E.
637000m E.
639000m E.
NAD27 Zone 12S
644000m E.
4399000m N.
4397000m N.
4395000m N.
4393000m N.
4391000m N.
4389000m N.
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4383000m N.
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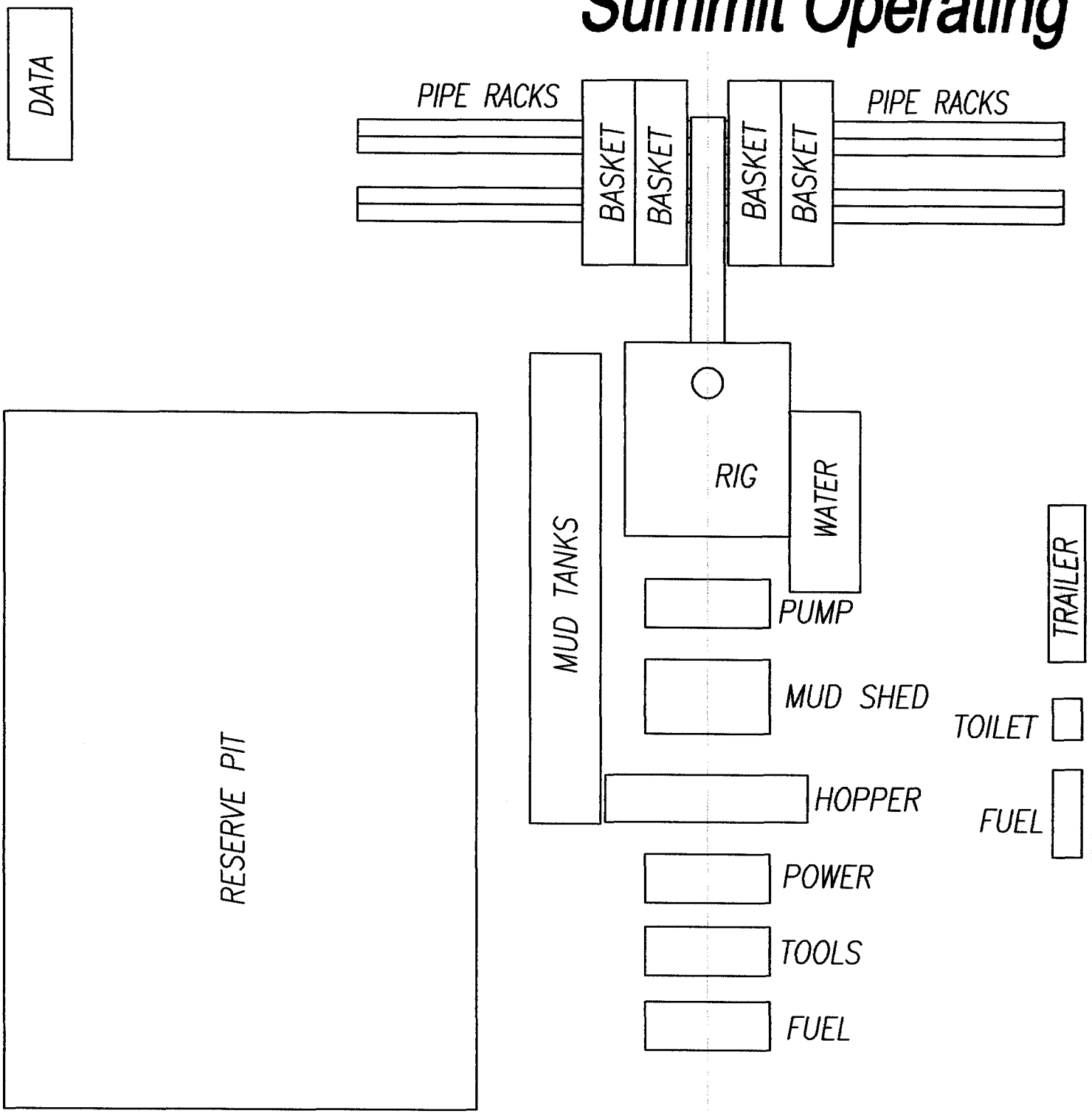
T 12 S
T 13 S
T 14 S
T 15 S
R 21 E
R 22 E
R 23 E
Sunday
RIDGE
School
Canyon
Landing Strip
Klondike
Sweet
Water
Indian
Ridge
Main
Crow
Roost
Park
Seep
SEEP
Pine Spring
Dugout
Hideout
Big Asphalt
Crooked
JEEP
TRAIL
2088
2111
2108
TALON RESOURCES, INC.
195 North 100 West
P.O. Box 1230
Huntington, Utah 84528
(435) 687-5310
TN 12° MN
0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

Summit Operating



RIG & EQUIPMENT LAYOUT
(Not to Scale)

EXHIBIT "C"

TYPICAL ROAD CROSS-SECTION

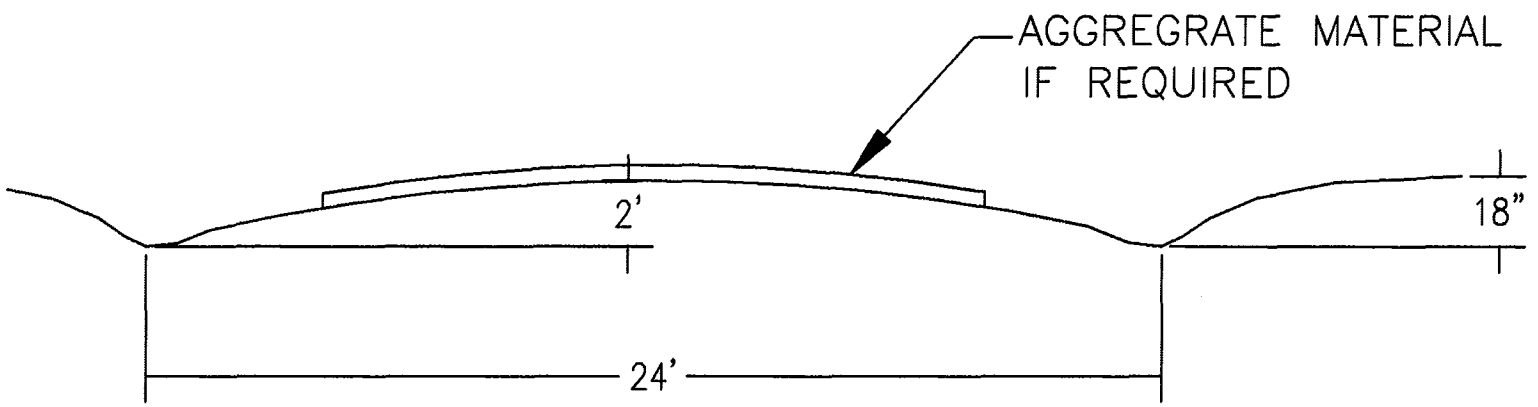


EXHIBIT "F"

Summit Operating

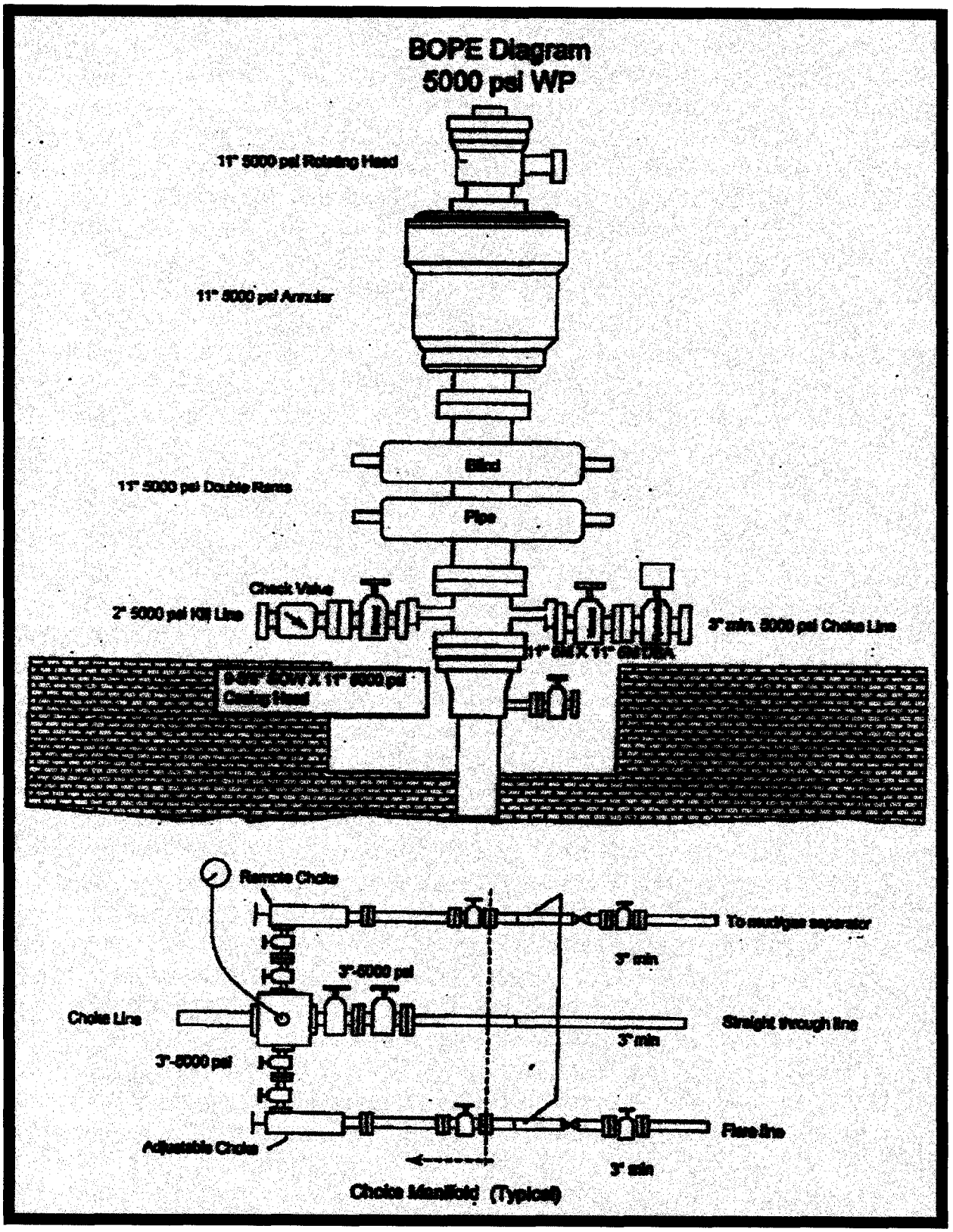

BOPE Diagram
5000 psi WP
11" 5000 psi Rotating Head
11" 5000 psi Annular
11" 5000 psi Double Ramp
Blind
Pipe
Check Valve
2" 5000 psi Kill Line
3" min. 5000 psi Choke Line
Remote Choke
To mudgas separator
3" min
3"-5000 psi
Choke Line
Straight through line
3" min
3"-5000 psi
Adjustable Choke
Flare line
3" min
Choke Manifold (Typical)

EXHIBIT "G"

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/28/2005

API NO. ASSIGNED: 43-047-37336

WELL NAME: STATE 6-2-14-22

OPERATOR: SUMMIT OPERATING LLC (N2315)

CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

SENW 02 140S 220E

SURFACE: 1981 FNL 1988 FWL

BOTTOM: 1981 FNL 1988 FWL

UINTAH

UNDESIGNATED (2)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-49783

SURFACE OWNER: 3 - State

PROPOSED FORMATION: MNKP

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	1/10/06
Geology		
Surface		

LATITUDE: 39.63046

LONGITUDE: -109.4241

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. ZSB800621)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. T75377)

N RDCC Review (Y/N)
(Date:)

NA Fee Surf Agreement (Y/N)

NA Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit

✓ R649-2-3. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

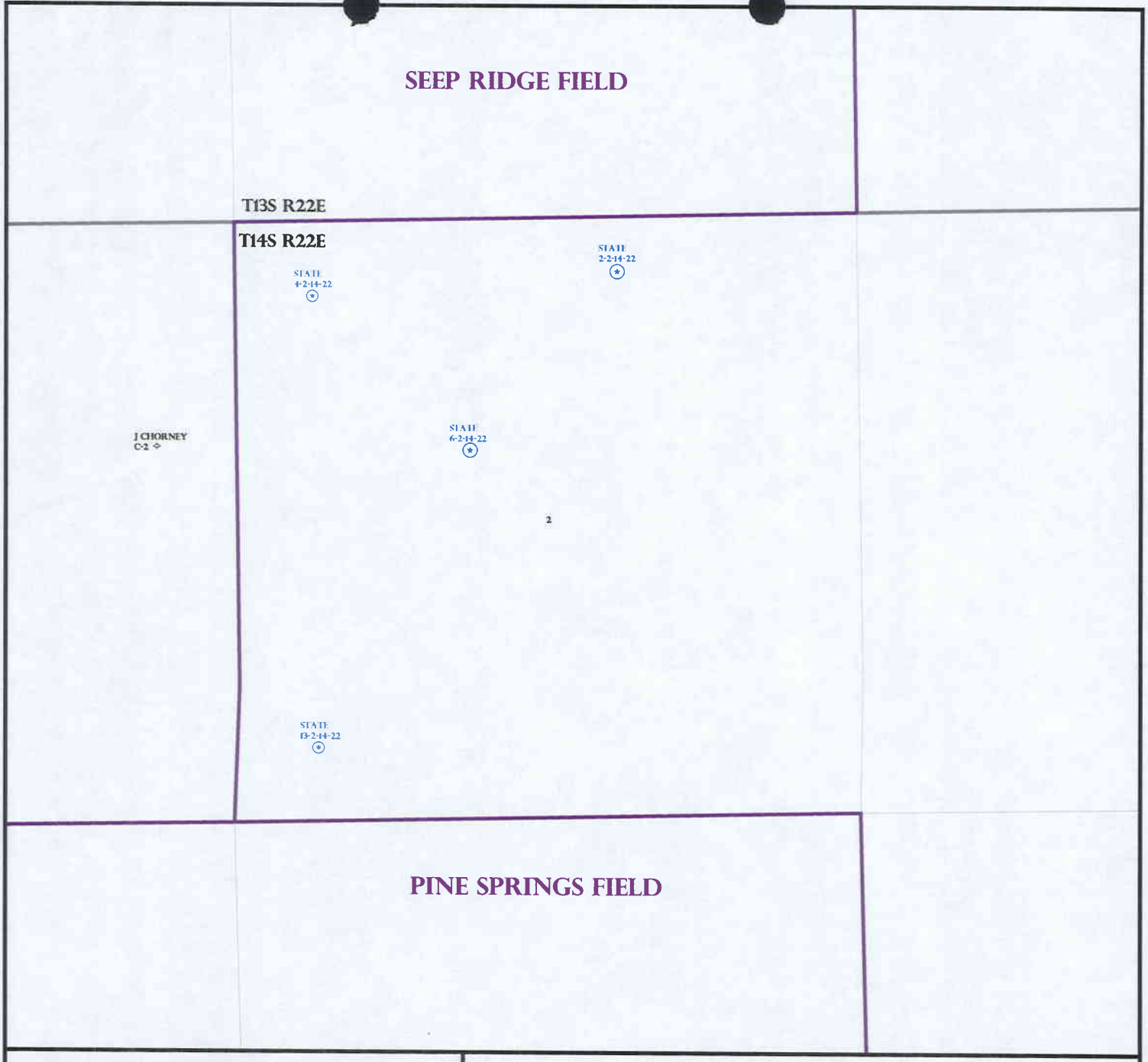
___ R649-3-3. Exception

___ Drilling Unit
Board Cause No:
Eff Date:
Siting:

___ R649-3-11. Directional Drill

COMMENTS: Needs Onsite (12-09-05)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS



OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 2 T. 14S R. 22E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N W E S

PREPARED BY: DIANA WHITNEY
DATE: 29-OCTOBER-2005

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 6-2-14-22
API NUMBER: 43-047-37336
LOCATION: *1/4,1/4* SE/NW Sec:2 *TWP*: 14S *RNG*: 22 E 1981' *FNL* 1988' *FWL*

Geology/Ground Water:

Summit proposes setting 2,000 feet of surface casing cemented to surface. The Base of the moderately saline ground water is estimated to be at a depth of 4,300 feet. A search of Division of Water Rights records indicates that there are three water wells within a 10,000' radius of the center of Section 2. These wells are all approximately . 5 miles north of the proposed location. Depth for two of the wells is not listed. One well was drilled to a depth of 1,360 feet. The surface formation at the proposed location is the Green River Formation. The Green River Formation can be a significant aquifer and should be protected. The proposed casing and cement program should adequately protect useable ground water.

Reviewer: Brad Hill **Date:** 12-15-20

Surface:

At the request of Summit Resources LLC, a pre-site for this well was completed on 12/09/2005. The State of Utah (SITLA) owns both the surface and minerals. Mr. David Lillywhite, representing Summit Resources LLC, was contacted by phone on 12/5/2005 and informed of and invited to participate in the presite. He said Mr. Larry Johnson a consultant for Talon Consulting would represent the company. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis from SITLA were both contacted by email and both attended. Mr. Williams stated the area is classified as critical value winter habitat for deer and elk. He explained how the areas are classified and recommended to Mr. Johnson, Mr. Davis and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. Activity that should be limited include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Davis a written summary of his observations and a recommended seed mix for stabilizing the area. I explained to Mr. Johnson that this is a recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating. A swale paralleling the south edge of the location should be diverted as necessary. This may be avoided by rounding off the southeast edge of the proposed pad. The area poses no surface problems for drilling a well.

Reviewer: Floyd Bartlett **Date:** 12/12/2005

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 6-2-14-22
API NUMBER: 43-047-37336
LEASE: *ML-49783* ***FIELD/UNIT***: Undesignated
LOCATION: *1/4,1/4* SE/NW Sec: 2 ***TWP***: 14S ***RNG***: 22 E 1981' *FNL* 1988' *FWL*
LEGAL WELL SITING: 460 F ***SEC. LINE***; 460 F ***1/4,1/4 LINE***; 920 F ***ANOTHER WELL.***
GPS COORD (UTM): 4386949 Y 0634858 X ***SURFACE OWNER***: STATE (SITLA)

PARTICIPANTS

Floyd Bartlett (DOGM), Jim Davis (SITLA), Larry Johnson, (Talon Resources-Permit Consultant), Gary Gerber (Stubbs and Stubbs Construction), Ben Williams (Utah Division of Wildlife Resources)

REGIONAL/SETTING TOPOGRAPHY

Site is in Uintah County, Utah in the head of Indian Ridge Canyon and immediately east of the Seep Ridge Uintah County Road. Ouray, Utah is approximately 45 miles to the north. The area is locally known as the old Geo-Kenetics oil shale area. The Willow Creek drainage lies to the west and the Bitter Creek drainage is to the east. The general topography is characterized by open broad to narrow ridges or plateaus intersected by numerous draws or canyons, which often become steep. Drainage is generally northeasterly toward Bitter Creek, which contains a intermittent ephemeral stream. All drainages in the immediate area are ephemeral.

Access to the site from Ouray, UT is following the Seep Ridge Road south approximately 45 miles, then east a short distance on an existing two-track road then easterly along a road to be constructed. Total length from the Seep Ridge Road is approximately 1700 feet. (See Drawing L-1 of the APD)

This location parallels the south side of a gentle ridge, cutting into the side hill on the north. To the south is a flat opening covered with sagebrush and rabbit brush. A swale parallels the south edge of the location.

SURFACE USE PLAN

CURRENT SURFACE USE: Summer cattle grazing, small and big game hunting and general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 350'x 250' which includes a reserve pit of 150' x 150' and a 15' wide bench. Approximately 1700 feet of road will be constructed or reconstructed. A pipeline will be laid adjacent to the road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are no existing wells within 1 mile radius. This operator within this radius currently

plans three other wells. The general area includes an area operated in the early 1980 as an in-situ oil recovery program from the underlain oil shale. This specific location does not appear to lie on the area used for that project.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. Pipeline will follow access road.

SOURCE OF CONSTRUCTION MATERIAL: All construction material will be obtained from the site.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST CONCERNS? (EXPLAIN). Probably not as there is oil field activity in the general area. The area was previously within a oil shale pilot project which had significant amounts of surface activities and has since been reclaimed.

WASTE MANAGEMENT PLAN:

Drilled cuttings will be settled into reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved land fill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Vegetated with a mixed P/J sagebrush type consisting of big sage, pinion, juniper, 4-winged saltbrush, Rabbit brush, winterfat, and curly mesquite. Deer, elk, mountain lion, coyote and other small mammals and birds.

SOIL TYPE AND CHARACTERISTICS: Exposed shaley fractured rock on side hill.

EROSION/SEDIMENTATION/STABILITY: A swale paralleling the south edge of the location should be diverted as necessary. This may be avoided by rounding off the southeast edge of the proposed pad. Sedimentation and stability should not be a problem and location construction shouldn't cause an increase in stability or erosion problems.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 150' x 150' x 10' deep, located on the southwest corner of the location. , The reserve pit is within a cut. A 15' wide bench is planned around the outer edges. Two feet of freeboard is provided.

LINER REQUIREMENTS (Site Ranking Form attached): Level I sensitivity. A

pit liner with a sub liner is required for the reserve pit.

SURFACE RESTORATION/RECLAMATION PLAN

As per Land Owner Agreement.

SURFACE AGREEMENT:

A surface agreement has been executed and is on file.

ARCULTURAL RESOURCES/ARCHAEOLOGY: An archaeological survey was completed on 10/24/2005 by MOAC and will be placed in the file.

OTHER OBSERVATIONS/COMMENTS

Ben Williams representing the UDWR stated the area is classified as critical value winter habitat for deer and elk. He explained how the areas are classified and recommended to Mr. Johnson, Mr. Davis and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Davis a written summary of his observations and a recommended seed mix for stabilizing the area. I explained to Mr. Johnson that this is recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

ATTACHMENTS

Photos of this site were taken and placed on file.

FLOYD BARTLETT
DOGM REPRESENTATIVE

December 9,2005; 10:30 AM
DATE/TIME

Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements

Site-Specific Factors	Ranking	Site Ranking
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	0
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	0
< 100	20	
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	0
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	10
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	10
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid containing significant levels of hazardous constituents	15 20	5
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	0
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	0
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	0
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	0

Final Score 25 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.
Sensitivity Level I = 15-19; lining is discretionary.
Sensitivity Level II = below 15; no specific lining is required.


2005 12 9


2005 12 9


2005 12 9

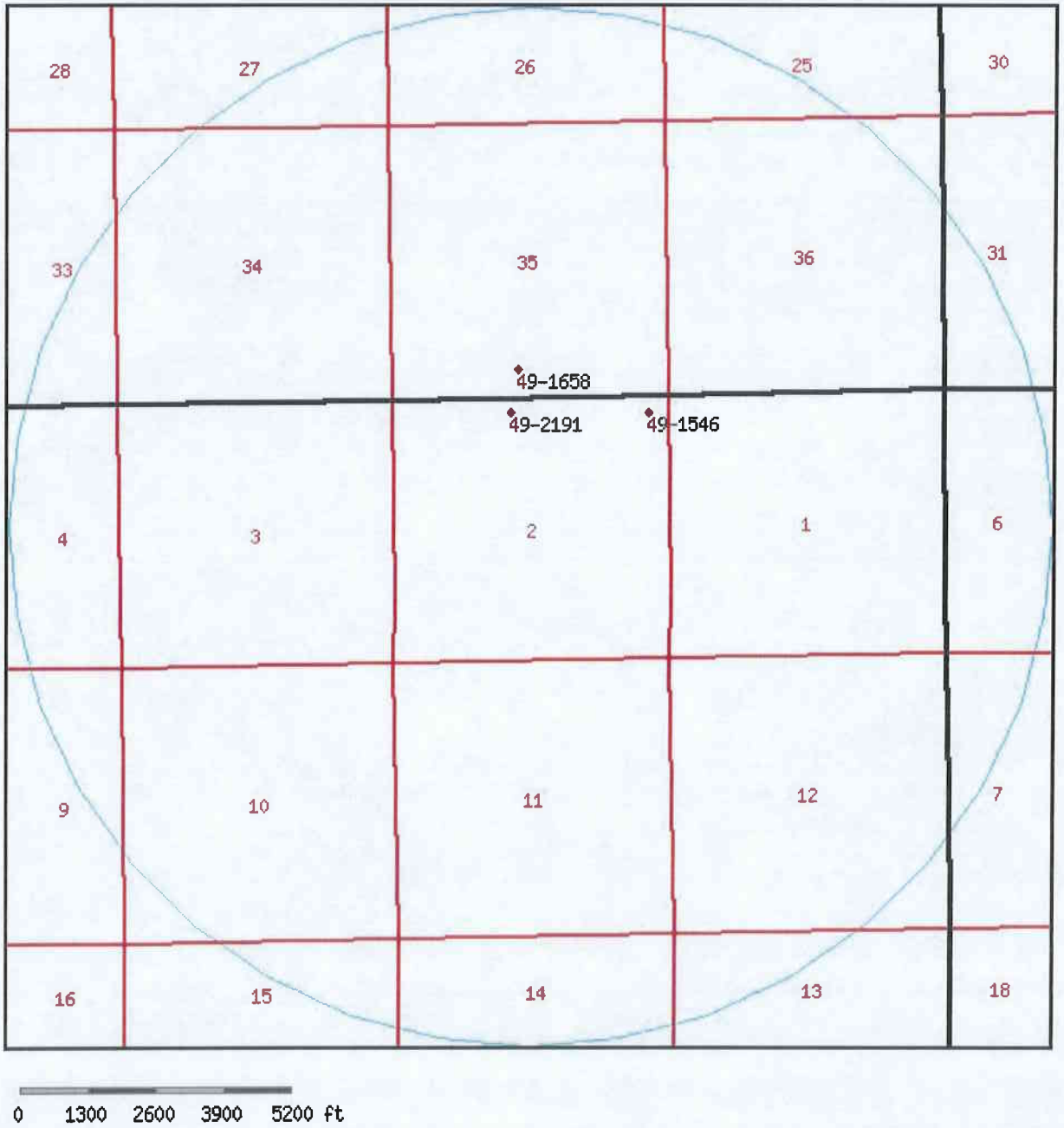

2005 12 9

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 12/15/2005 08:29 AM

Radius search of 10000 feet from a point N2640 E2640 from the SW corner, section 02, Township 14S, Range 22E, SL b&m
Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all

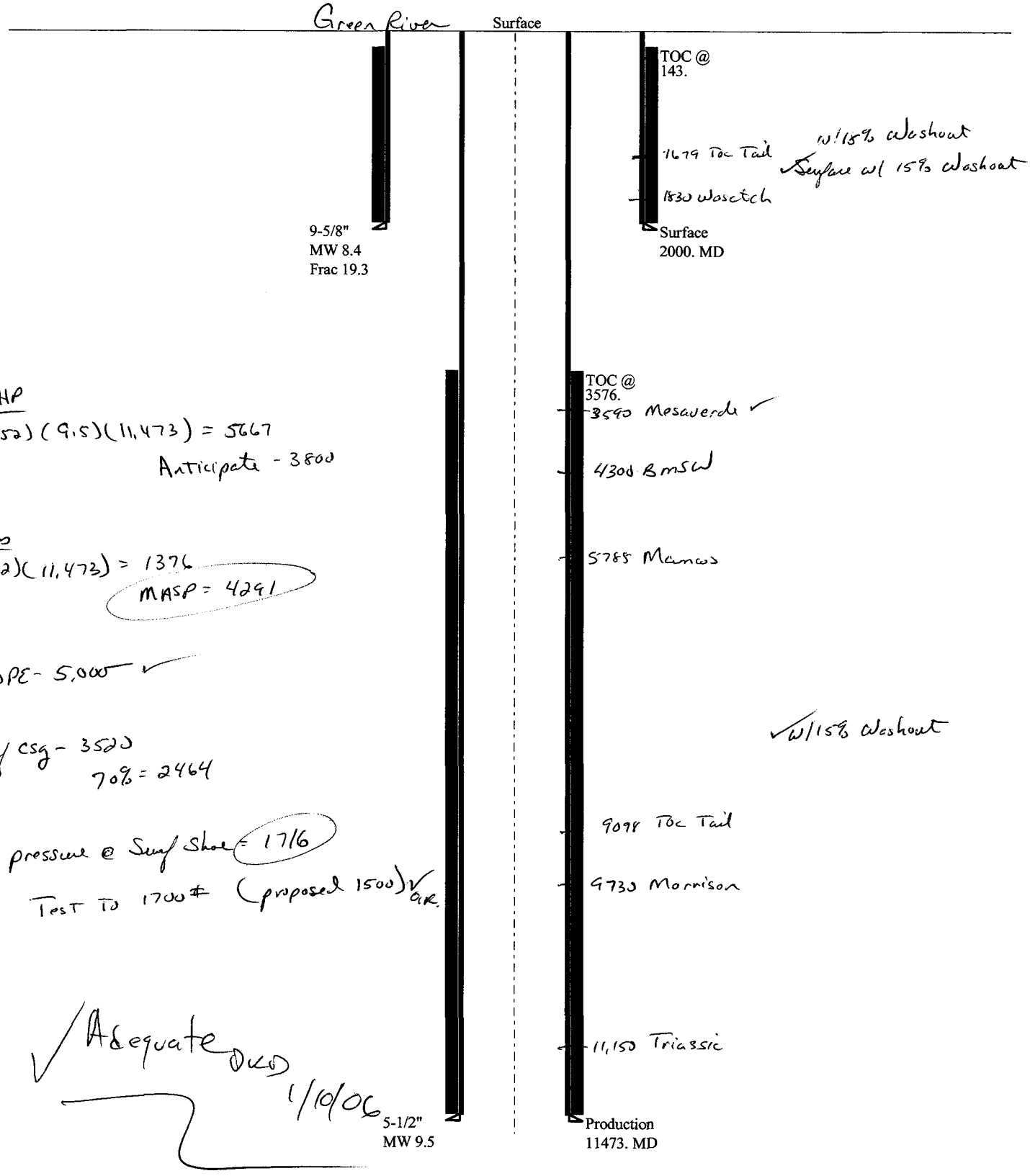

28
27
26
25
30
33
34
35
36
31
49-1658
49-2191
49-1546
4
3
2
1
6
9
10
11
12
7
16
15
14
13
18
0
1300
2600
3900
5200 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
49-1545	Underground		A	19940926	O	0.000	10.000	UINTAH SPECIAL SERVICE DISTRICT
	S345 W380 NE 02 14S 22E SL							BOX 144
49-1546	Underground		A	19940926	I	0.000	12.000	UINTAH SPECIAL SERVICE DISTRICT
	S345 W380 NE 02 14S 22E SL							C/O TOM WARDELL
49-1658	Underground		A	20010924	OS	0.000	4.730	SHI-BE INC.
	N600 E2400 SW 35 13S 22E SL							DUANE AINGE
49-2191	Underground		U	20041215	S	0.000	4.730	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
	S225 E2250 NW 02 14S 22E SL							C/O RICHARD B. WILCOX

01-06 Summit State 6-2-14-22

Casing Schematic



BHP

(.052)(9.5)(11,473) = 5667

Anticipate - 3800

Gas

(.12)(11,473) = 1376

MASP = 4291

BOPE - 5,000 ✓

Surf csg - 3520

70% = 2464

Max pressure @ Surf Shoe = 1716

Test To 1700# (proposed 1500) ✓ ok

✓ Adequate DKD 1/10/06

Well name:	**01-06 Summit State 6-2-14-22**
Operator:	**Summit Operating LLC**
String type:	Surface
Project ID:	43-047-37336
Location:	Uintah County

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,000 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 1,751 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: 143 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,440 ft
Next mud weight: 9.500 ppg
Next setting BHP: 5,646 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	142.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.315	2000	3520	1.76	63	453	7.19 J

Prepared by: Clinton Dworshak, Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 810-359-3940
Date: January 5,2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**01-06 Summit State 6-2-14-22**
Operator:	**Summit Operating LLC**
String type:	Production
Location:	Uintah County
Project ID:	43-047-37336

Design parameters:

Collapse

Mud weight: 9.500 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 4,285 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 5,662 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 9,820 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 226 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,576 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11473	5.5	17.00	N-80	LT&C	11473	11473	4.767	395.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5662	6290	1.111	5662	7740	1.37	167	348	2.08 J

Prepared by: Clinton Dworshak, Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 810-359-3940
Date: January 5,2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 11473 ft, a mud weight of 9.5 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

From: Ed Bonner
To: Whitney, Diana
Date: 11/7/2005 2:58:06 PM
Subject: Re: State 6-2-14-22

43-047-37336

Should be ML 49785

>>> Diana Whitney 10/31/05 8:51 AM >>>

From: Ed Bonner
To: Whitney, Diana
Date: 1/9/2006 8:31:10 AM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

The Houston Exploration Company
- North Walker Hollow 11-36-6-23
- North Walker Hollow 13-36-6-23
- North Walker Hollow 15-36-6-23
- North Walker Hollow 14-32-6-23

Summit Operating, LLC
- State 2-2-14-22
- State 4-2-14-22
- State 6-2-14-22
- State 13-2-14-22

Westport Oil & Gas Company
- NBU 1021-16L

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

January 12, 2006

Summit Operating, LLC
2064 Prospector Ave., Suite 102
Park City, UT 84060

Re: State 6-2-14-22 Well, 1981' FNL, 1988' FWL, SE NW, Sec. 2, T. 14 South, R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37336.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Operator: Summit Operating, LLC
Well Name & Number State 6-2-14-22
API Number: 43-047-37336
Lease: ML-49783

Location: SE NW **Sec.** 2 **T.** 14 South **R.** 22 East

Conditions of Approval

1. **General**
Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. **Notification Requirements**
The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:
   - 24 hours prior to cementing or testing casing
   - 24 hours prior to testing blowout prevention equipment
   - 24 hours prior to spudding the well
   - within 24 hours of any emergency changes made to the approved drilling program
   - prior to commencing operations to plug and abandon the well

   The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):
   - Dan Jarvis at (801) 538-5338
   - Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**
All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: **SUMMIT OPERATING LLC**

Well Name: **STATE 6-2-14-22**

Api No: **43-047-37336** Lease Type: **STATE**

Section **02** Township **14S** Range **22E** County **UINTAH**

Drilling Contractor **PETE MARTINS** RIG # **BUCKET**

SPUDDED:

Date **03/09/06**

Time **12:30 PM**

How **DRY**

Drilling will Commence:

Reported by **LARRY CALDWELL**

Telephone # **1-435-828-1793**

Date **03/09/2006** **Signed** **CHD**

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Summit Operating, LLC
Address: PO Box 683909
city Park City
state UT zip 84068-3909

Operator Account Number: N 2315
Phone Number: (435) 940-9001

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304737336	State 6-2-14-22	SENW	2	14S	22E	Uintah
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**		**Entity Assignment Effective Date**	
A	99999	15265	3/11/2006		3/23/06	
Comments: MNKP CONFIDENTIAL K						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**		**Entity Assignment Effective Date**	
Comments:						

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**		**Entity Assignment Effective Date**	
Comments:						

ACTION CODES:

- **A** - Establish new entity for new well (single well only)
- **B** - Add new well to existing entity (group or unit well)
- **C** - Re-assign well from one existing entity to another existing entity
- **D** - Re-assign well from one existing entity to a new entity
- **E** - Other (Explain in 'comments' section)

Marie Adams
Name (Please Print)
Marie Adams
Signature
Operations
Title
3/21/2006
Date

(5/2000)

RECEIVED
MAR 21 2006
DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ (highlight changes) FORM 8

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49783

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER: CONFIDENTIAL

7. UNIT or CA AGREEMENT NAME:

b. TYPE OF WORK: NEW WELL ☒ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER

8. WELL NAME and NUMBER: State 6-2-14-22

2. NAME OF OPERATOR: Summit Operating, LLC

9. API NUMBER: 43-047-37336

3. ADDRESS OF OPERATOR: P. O. Box 683909 CITY Park City STATE UT ZIP 84068-3909

PHONE NUMBER: 435-940-9001

10 FIELD AND POOL, OR WILDCAT: Wildcat (Seep Ridge Extension)

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1981' fnl & 1988' fwl, SENW Section 2, T14S, R22E, SLM
AT TOP PRODUCING INTERVAL REPORTED BELOW: Vertical, same as surface location
AT TOTAL DEPTH: Vertical, same as surface location

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 2-14S-22E SLM

12. COUNTY: Uintah

13. STATE: UTAH

14. DATE SPUDDED: 3-9-06 w/rathole rig

15. DATE T.D. REACHED: 4-4-06

16. DATE COMPLETED: 8-21-06 ABANDONED ☐ READY TO PRODUCE ☒

17. ELEVATIONS (DF, RKB, RT, GL): 6780' KB (log datum), 6758' GL

18. TOTAL DEPTH: MD 11633' TVD 11633'

19. PLUG BACK T.D.: MD 11558' TVD 11558'

20. IF MULTIPLE COMPLETIONS, HOW MANY? *

21. DEPTH BRIDGE PLUG SET: MD 9860' TVD 9860'

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
1) High Resolution Induction Microlog GR; 2) Spectral Density Dual Spaced Neutron GR; 3) WaveSonic Delta-T and 4) Cast V CBL-CCL-GR

23.
WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)
WAS DST RUN? NO ☒ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☒ YES ☐ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12.25"	9.625" J55	36	Surface	1969		Class G 595	165	Surface	
7.875"	5.5" P110	17	Surface	11601		50/50 Poz 1426	N2 foam 353	4700' CBL	

25. TUBING RECORD 4.7 #/ft N80 set for production 8-21-06 (2.875" 6.5 #/ft was used for completion work string)

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2.375"	9363							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Cedar Mountain (lwr)	9618	9648	9618	9648
(B) Cedar Mountain (upr)	9534	9514	9534	9514
(C) Dakota	9454	9480	9454	9480
(D) Dakota Silt	9394	9400	9394	9400

27. PERFORATION RECORD See completion operations report for abnd perfs

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
9625-43	0.45"	54 (3 spf)	Open ☒ Squeezed ☐
9540-58	0.45"	72 (4 spf)	Open ☒ Squeezed ☐
9456-74	0.45"	72 (4 spf)	Open ☒ Squeezed ☐
9394-98	0.45"	8 (2 spf)	Open ☒ Squeezed ☐

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
9625-43	BD w/2,000 gals net 15% HCl acid; Frac w/23,900 lbs 20-40 ceramic in 306 bbls 70% CO2 foam
9540-58	Frac w/82,315 lbs 20-40 ceramic in 601 bbls 70% CO2 foam
9456-74, 9394-98	Frac w/74,100 lbs 20-40 ceramic in 407 bbls 70% CO2 foam

29. ENCLOSED ATTACHMENTS:
☒ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☒ OTHER: Drilling rpt & Completion rpt

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30. WELL STATUS: Producing gas well

(CONTINUED ON BACK)

(5/2000)

31. INITIAL PRODUCTION Intervals A-D commingled

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
8-22-06	8-22-06	6		0	431.25	3	Flow

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:
20/64"	700	800					0	1,725	12	Producing

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Sold

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Wasatch	2852	2856	Mud gas show while drilling	Wasatch Fm	1830
				Mesaverde Group	3704
				Castlegate Ss	5436
				Dakota Fm marker	9439
				Morrison Fm	9684
				Stump Fm (Summerville/Curtis)	10142
				Entrada Ss	10248
				Navajo Ss	10442
				Wingate Ss	10702
				Shinarump Cgl	11278
				Moenkopi Fm	11307
				Maroon Fm	11322
				Morgan Fm	11492

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) David Lillywhite TITLE Manager-President Summit Operating, LLC

SIGNATURE _____ DATE _____

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

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(5/2000)

CONFIDENTIAL

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E-mail: allinpro@bresnan.net

Summit Operating, LLC State 6-2-14-22 Daily Drilling Reports

(all depths are drilling depths prior to open hole logging)

T14S R22E S-02
43-047-37336

02-27-06: Location construction dirt work commenced

03-09-06: Pete Martin Trucking & Drilling on location to set and cement conductor pipe and drill rat and mouse holes; 1230 hrs spudding operation reported to Carol Daniels-Utah DOGM; Installed 15' of 20" culvert for conductor hole isolation, drilled 20" hole to 40', set 14" conductor pipe to 40' (below GL elevation of 6758') and cemented with Class A cement to surface.

03-10-06: Bill Jr.'s Rat Hole Drilling Inc. on location to drill surface hole.

03-11-06: Drilling 12.25" surface hole.

03-12-06: Drilling 12.25" surface hole.

03-13-06: Drilled 12.25" surface hole to 1970' (below GL elevation of 6758') and set 1947.7' new 9.625" 36 ppf LT&C J-55 casing; Loads of Patterson-UTI Drilling Co. 136 rotary rig equipment began to arrive on location.

03-14-06: Cemented surface casing with 170 sacks (lead) and 200 sacks (tail) Class G cement with returns to surface; Topped sinking cement with 225 sacks Class G cement until subsidence ceased at 0600 hrs; Excavated cellar, set 4' of 72" culvert for cellar ring, cut off 20" culvert, 14" conductor pipe and 9.625" surface casing, welded Braden head on surface casing and installed drilling flange; Surface casing shoe should be near 1970' KB; Pit liner completed; Pat 136 substructure set on matting boards.

03-15-06: RU Pat 136 rotary tools and auxiliary equipment.

03-16-06: RU Pat 136 rotary tools and auxiliary equipment.

03-17-06: RU Pat 136 rotary tools and auxiliary equipment; Mud loggers on site; Mud and mud trailer on site; Teledrift equipment on site.

03-18-06 Previous 24 hrs to 0600 hrs: Raise derrick and make up floor 0600-2330 hrs; Nipple-up BOP's 2330-0600 hrs.

3-19-06 Previous 24 hrs to 0600 hrs: Nipple-up BOP's 0600-0900 hrs; Pressure test BOP's 0900-1730 hrs; Pick up Bit 1 (7.875" HTC HC506Z with 6X16 jets), mud motor, Teledrift and 15 drill collars and trip in hole 1730-0530 hrs; Drill cement in surface casing 0530-0600 hrs.

3-20-06 Previous 24 hrs to 0600 hrs: Drill cement in surface casing 0600 to 0930 hrs; Drill from 1969' (adjusted surface casing shoe depth) to 3206'; 1237' of new hole in 20.5 hrs (60.3 ft/hr) including an hour of downtime to repair fuel delivery system to pump; A potentially commercial mud gas show was logged from a Wasatch zone from 2847-69' (12 ' gross) that peaked at 3527 units. Drilling below 3206'.

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3-21-06 Previous 24 hrs to 0600 hrs: Drill from 3206' to 4196'; 990' of new hole in 24 rotating hrs (41.3 ft/hr) including several short periods off bottom due to circulating pressure builds; Very weak mud gas shows from Mesaverde sandstone layers. Drilling below 4196'.

3-22-06 Previous 24 hrs to 0600 hrs: Drill from 4196' to 4225' 1 hr; Repair mud pumps 1 hr; Drill from 4225' to 4464' 7 hrs; Rig service .5 hr; Drill from 4464' to 4959' 14.5 hrs; 763' in 22.5 rotating hours (33.9 ft/hr); Strong mud gas shows were encountered in the Neslen Formation coal beds below 4767'. Drilling below 5102' at 0745 hrs.

3-23-06 Previous 24 hrs to 0600 hrs: Drill from 4959' to 5220' 7.5 hrs; Rig service .5 hr; Drill from 5220' to 5341' 6 hrs; Repair Kelly spinner 1 hr; Drill from 5341' to 5423'; Trip bit from 5423' to inspect BHA after ROP deteriorated to unacceptable levels 2.5 hrs; 464' in 20 rotating hours (23.2 ft/hr); Strong mud gas shows from coal beds in the lower part of the Neslen Fm. Tripping.

3-24-06 Previous 24 hrs to 0600 hrs: Complete trip from 5423' and found bit in near perfect condition, lay down Hunting mud motor that had failed at some point early in its run, pick up Bico mud motor and rerun Bit #1 6.5 hrs; Drill from 5423' to 6157' 17.5 hrs; 734' in 17.5 rotating hours (41.9 ft/hr); Castlegate Sandstone sample top 5452' on original prognosis +20' to SRU 2 Castlegate top; Strong mud gas shows in lower half of Castlegate. Drilling below 6255' in Mancos Shale at 0900 hrs.

3-25-06 Previous 24 hrs to 0600 hrs: Drill from 6157' to 6560' 9.5 hrs; Rig service .5 hr; Drill from 6560' to 7070' 14 hrs; 913' in 23.5 rotating hours (38.9 ft/hr); Prairie Canyon Mbr Mancos Shale sample top 6296' +24' to SRU 2 Prairie Cyn top; Mud gas shows typical of the Prairie Canyon were recorded (up to 2449 units). Drilling below 7120' at 0748 hrs.

3-26-06 Previous 24 hrs to 0600 hrs: Drill from 7070' to 7232" 5 hrs; Trip to change bits from 7232' 5 hrs; Change Kelly swivel 3 hrs; Cut and slip drilling line 2 hrs; Trip in hole with Bit #2 (7.875" HTC HC506Z with 6X14 jets) and rerun Bico mud motor; Drill from 7232' to 7377' 6 hrs (24.2 ft/hr); Repair Kelly spinner .5 hr; Drill from 7377' to 7412' 1 hr (35.0 ft/hr); 342' in 12 rotating hours (28.5 ft/hr); Mud gas shows from fractured Mancos Shale below 7035' remained above 4500 units for 200' until the bit trip. Drilling below 7528' at 0818 hrs with improving ROP.

3-27-06 Previous 24 hrs to 0600 hrs: Drill from 7412' to 7718' 5.5 hrs; Rig service .5 hr; Drill from 7718' to 8776'; 1364' in 23.5 rotating hours (58.0 ft/hr); Fractures in Mancos Shale yielding gas and fast ROP maintaining high mud gas levels. Drilling halted at 8787' just after 0600 hrs to repair the swivel.

3-28-06 Previous 24 hrs to 0600 hrs: Drill from 8776' to 8790' 1 hr; Repack swivel 4 hrs; Rig service .5 hr; Drill from 8790' to 9585'; 809' in 19.5 rotating hours (41.4 ft/hr); Dakota marker intersected at 9443' (-2663' elev.) +33' to SRU 2; First Dakota sand at 9457' (-2677' elev.) +45' to SRU 2 with mud gas shows 1300 units to 3364 units throughout gross thickness of 31'. Drilling below 9662' at 0820 hrs.

3-29-06 Previous 24 hrs to 0600 hrs: Drill from 9585' to 9842' 9 hrs; Rig service .5 hr; Drill from 9842' to 10225' 14.5 hrs; 640' in 23.5 rotating hours

(27.2 ft/hr); Strong mud gas shows were reported from the lower Dakota, upper Cedar Mtn and thin zones in the lower Cedar Mtn; No significant shows since drilling into the Morrison Fm; The top of the Curtis Fm (Jct) was intersected at 10199' (-3419' elev.) +39' to SRU 2. Bit 2 quit drilling just after 0600 hrs and a trip to change the bit and mud motor was begun from 10231'. Tripping.

3-30-06 Previous 24 hrs to 0600 hrs: Trip out of hole from 10231' , change mud motor and change to Bit 3 (7.875" HTC HC509Z with 6X16 jets); Trip new BHA in to near surface casing shoe depth 2.5 hrs; Change swivel and adjust leaky packing assembly 7.0 hrs; Slip and cut drilling line 1 hr; Trip in hole to old TD 2 hrs; Work on leaky swivel packing 2.5 hrs; Repair pop-off safety valve on #2 pump (#1 pump was not available as back-up due to failure of rear main bearing seal in its motor) 1 hr; Drill 10225' to 10278' 2.5 hrs; 53' in 2.5 rotating hours (21.2 ft/hr); Trip gas reached 4605 units with a recycle mud gas show that overcame any mud gas shows from the Entrada Ss itself; No drilling breaks in upper Entrada Ss. Pason report late. Drilling below 10305' in Entrada Ss as of 0748 hrs.

3-31-06 Previous 24 hrs to 0600 hrs: Drill from 10278' to 10377'; Rig service .5 hr; Drill from 10377' to 10690'; 412' in 23.5 rotating hours (17.5 ft/hr); The Navajo Ss top was intersected at 10442' (-3662' elev.) +42' to SRU 2 and coincided with an immediate rise in mud gas concentration which remained elevated for the entire 144' of the Navajo Ss section down to the top of the Kayenta Fm at 10586'; More than 60' of the formation produced mud gas levels above 1500 units that appeared to be richer in natural gas liquids than the trip gas recorded yesterday; The Entrada Ss that was topped yesterday at 10248' appeared to be tight and did not produce significant gas shows. Drilling below 10725' in uppermost Wingate Ss as of 0828 hrs.

4-1-06 Previous 24 hrs to 0600 hrs MST: Drill from 10690' to 10784' 6 hrs; Rig service .5 hr; Drill from 10784' to 10848' 3 hrs; Work tight hole while making the connection at 01848' 1 hr; Drill from 10848' to 11030' 13.5 hrs; 340' in 22.5 rotating hours (15.1 ft/hr); The Kayenta Fm drilled slowly without significant mud gas shows; The Wingate Ss top was intersected at 10702' (-3922' elev.) +43' to SRU 2; The mud gas concentration rose from that point on and remained elevated until some very tight sandstone within the formation was topped at 10920' where the penetration rate slowed again. Drilling below 11050' as of 0730 hrs.

4-2-06 Previous 23 hrs to 0600 hrs MDT: The daily drilling report was available only in fax form today from JO-Findlay Consulting; Drill from 11030' to 11129' 7 hrs; Rig Service .5 hr; Drill from 11129' to 11315'; 285' in 22.5 rotating hours (12.7 ft/hr); The Chinle Fm top was intersected at 11104' (-4324' elev.) +36' to SRU 2; Mud gas levels declined through the Chinle to under 10 units; The Shinarump Cgl top was intersected at 11292' (-4512' elev.) +38' to SRU 2; Mud gas levels increased to a background level of 70 units along with an increase in connection gas after 11285' mostly due to gas detector plumbing changes, but the 993 unit mud gas show from the lower Shinarump Cgl on a connection was significant. Drilling below 11338' as of 0750 hrs in Moenkopi Fm but below 11335' could be in Permian Maroon Fm (equivalent to Cutler Fm).

4-3-06 Previous 24 hrs to 0600 hrs: Drill from 11315' to 11410' 8 hrs; Rig service .5 hrs; Drill from 11410' to 11536' 10.5 hrs; Trip out of hole from 11536' 1 hr; Work tight hole in Wingate Ss around 10805' to 10838' 2 hrs; Pump mud pill and continue trip out of hole 2 hrs; 221' in 18.5 rotating hours (11.9

ft/hr); The Moenkopi Fm top was intersected at 11321' (-4541' elev.) +39' to SRU 2; Mud gas levels increased slightly through middle of Maroon Fm peaking at 521 units; The top of the Morgan Fm was intersected at 11495' (-4715' elev.) +35' to SRU 2; Bit 3 stopped drilling at 11536' after a 1305' run that averaged 14.6 ft/hr. Trip out went well except for the tight section in the Wingate. Bit 3 was worn out and 1/8" under gauge upon examination after the trip. A TCI bit will be run on a new motor to ream the under gage lower section of the hole and continue the well into the expected Madison/Leadville porosity zones below 11610'. Depending upon shows from those zones TD will be called near 11800' or 11900'. Due to required change in bit type, the TD may not occur until Wednesday morning.

4-4-06 Previous 24 hrs to 0600 hrs: Continue trip for new bit from 11536' 3 hrs; Change bit to Bit 4 (7.875" HTC GX44) and mud motor and trip in hole to 10800' 6 hrs; Wash and ream tight section in Wingate Ss from 10880' to 11002' 2.5 hrs; Continue trip in hole 1.5 hrs; Ream under-gauge hole from 11370' to 11536' 3.5 hrs; Drill from 11536' to 11572' 7.5 hrs; 36' in 7.5 rotating hours (4.8 ft/hr with "on-bottom" rate of 6.7 ft/hr); No new tops intersected in last 24 hours and no mud gas shows were reported. The top of the Madison/Leadville Limestone should be crossed near 11575' and the top of the porosity zones near 11610'. Drilling below 11580' as of 0728 hrs.

4-5-06 Previous 24 hrs to 0600 hrs: Drill from 11572' to 11594' 3.5 hrs; Rig service .5 hr; Drill from 11594' to 11633' 8 hrs; TD called due to lack of drilling breaks and no change in lithology; Mix & pump mud pill for short trips and make two 10 stand short trips 4 hrs; Rotate and circulate prior to trip out for OH logging 4 hrs; Trip out for OH logging 4 hrs; 61' in 12 rotating hours (5.1 ft/hr); Minor mud gas show in lower Morgan Fm from 11590' to 11629'; Drilled sandstone to TD indicating Texaco was in similar lithology at correlative point in the SRU 2 and the Madison/Leadville Ls is absent at this location.

4-6-06 Previous 24 hrs to 0600 hrs: Continue trip out of hole for OH logging operations 3.5 hrs; Rig up HES for OH logging and logging two runs 16.5 hrs; Trip in hole for wiper run and prepare to trip out laying down drill pipe to prepare to run LS casing 4 hrs. Final circulation was completed by 0930 hrs 4-6-06 and trip out laying down drill pipe began. Laying down collars as of 1900 hrs 4-6-06.

4-7-06 Previous 24 hours to 0600 hrs: Trip in hole to TD for wiper run 1.5 hrs; Pump mud sweep, circulate and rig up drill pipe laydown machine 2 hrs; Lay down drill pipe and break off Kelly rod 9.5 hrs; Rig up casing crew and run 5.5" P-110 17 ppf LS casing 8 hrs; Filled casing and attempted to circulate through float collar at 7560' and found float collar, guide shoe or casing was plugged, surged casing with pumps up to 5200 psi but failed to unplug 3 hrs. Decision was made to pull the casing and replace the float collar and guide shoe and rerun the casing.

4-8-06 Previous 24 hrs to 0600 hrs: Pull and lay down casing with help of casing crew, drill pipe lay down machine and Patterson rental forklift 17 hrs; Inspect, sort, drift, tally and clean up casing to rerun 7 hrs. As of 0900 hrs 4-8-06 the casing is set to run after the addition of 53 joints trucked to the site last night to replace joints with damaged threads. The float collar and guide shoe were inspected and it appears that the float collar was defective, failed and plugged the guide shoe. The float collar is being sent to HES

Duncan, OK facility for further analysis.

4-9-06 Previous 24 hrs to 0600 hrs: Prepare casing to rerun 3 hrs; Run 276 joints 5.5" 17 ppf P-110 casing 7 hrs; Circulate casing to prepare for cementing ops 6 hrs; Cement LS casing with foam cement in a single stage 4 hrs; Nipple down BOP's, clean mud tanks and prepare to move off. The cement job was completed without returns from the annulus. The cementers estimated that the cement top is around 5000', but the actual cement top will be verified with a cement bond log. All of the formations of immediate interest are cemented, but the lost cement slurry could have damaged the fractured reservoir zones. HES reps have promised that after examination of the defective float collar, the company will make an adjustment to help defray the costs associated with the malfunction. The rig was released at 1200 hrs 4-9-06. WOCT

Allin Proprietary/David L. Allin-Consultant
AAPG Certified Petroleum Geologist 2934 ☼ Utah Licensed Professional Geologist 5526699-2250
475 Seasons Drive, Grand Junction, CO, USA 81503-8749
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Summit Operating, LLC State 6-2-14-22 Completion Operations Report
Version 8-23-06

General Information:

Operator: Summit Operating, LLC Tel: 435-940-9001 Fax: 435-940-9002
2064 Prospector Avenue, Suite 102 P.O. Box 683909
Park City, UT 84060 Park City, UT 84068-3909

API Number: 43-047-37336

Lease Number: Utah SITLA OG&H ML-49783

Location: 1981' FNL & 1988' FWL, SENE Section 2, T14S, R22E, SLM
Seep Ridge Field, Uintah County, Utah

Elevation Data: 6780' KB and 6758' GL

Construction and Logging Information:

TD Driller: 11633'; TD Logger 11636'; Pre-completion PBTD 11395'; PBTD 9810'
Maximum recorded temperature 206° F OH log and 240° CH log

Well drilled below surface casing with KCl/Gel/Polymer mud (19,500 mg/L chlorides at TD) Mud weight ranged from 9.0 to 9.3 ppg in pre-Mancos section from 9400' to TD.

Open hole logging by HES 4-5-06: High Resolution Induction Microlog TD to 1969' KB; Spectral Density Dual Spaced Neutron TD to 1969'; WaveSonic Delta-T TD to 1969' with Shear Delta-T and RockXpert processing TD to 9000'.
14" conductor pipe set at 40' GL in 20" hole and cemented 3-9-06 with Class A to surface

9.625", J-55 LT&C, 36 ppf surface casing set at 1969' KB in 12.25" hole and cemented 3-14-06 to surface with: 1) Class G lead of 170 sacks with slurry yield 1.56 cuft/sk and slurry weight 14.6 ppg; 2) Class G tail of 200 sacks with same properties as lead and 3) Class G top cap on sinking cement of 225 sacks with same properties as lead for a total of 595 sacks and 165 bbls slurry.

5.5", P-110, LT&C, 17 ppf production casing set at 11601' KB in 7.875" hole (276 joints). Cement float collar was run at 11558' with a 43' shoe joint below it. Cemented 4-8-06 with: 1) Nitrogen foamed Class G 50/50 Poz lead of 1,348 sacks with slurry yield 1.47 cuft/sk and slurry weight 14.3 ppg as mixed and estimated 9.5 ppg as pumped (353 bbls) and 2) Class G

50/50 Poz tail of 78 sacks with slurry yield of 1.47 cuft/sk and slurry weight 14.3 ppg (20 bbls). Note that a Class G cap of 75 sacks was not pumped due to loss of returns during shut down to drop top plug.

Cased hole logging by HES 4-21-06 and 4-22-06: Cast-V CBL 11380' to 2000' KB; Gauge ring survey indicated bridge near 11395'.

Tubing string used for completion operations: 2.875" EUE 8rd, 6.5 ppf, N-80

Tubing string used for production: 2.375" EUE 8rd, 4.7 ppf. N-80 (9363' 8-21-06)

Perforation and plug back summary:

Perf 10861.5-77.5' (Wingate) 4 spf with 4" gun 4-28-06
Used as squeeze perfs to cure annular channel in cement 5-12 & 17-06
Plug back 10841' with cement retainer 5-11-06 (TOC tagged 10835' 5-18-06)
Perf 10804-14', 10760-80' (Wingate) 3 spf with 3.375" guns 5-20-06
Plug back 10680' with cement retainer 5-26-06
Perf 10514-22', 10496-10', 10478-92', 10466-74' (Navajo) 3 spf with 3.375" guns
Plug back 9860' with CIBP 6-10-06 (cleaned out to 9810' post frac 8-21-06)
Perf 9625-43' (Cedar Mountain) 3 spf with 4" gun 6-10-06
Perf 9540-58' (Cedar Mountain) 4 spf with 4" gun 8-13-06
Perf 9456-74' (Dakota) 4 spf with 4" gun 8-14-06
Perf 9394-98' (Dakota silt) 2 spf with 4" gun 8-14-06

Completion Concerns:

The Cast V log was designed for use with foamed cement slurries and indicates the (fallen) foamed cement top near 4700' and high density cement top near 11,100'. Returns were never regained during production casing cementing operations following the shut down to drop the top plug and pump the 273 bbls of displacement fluid. The production casing cement was planned to reach 1969' near the surface casing shoe and the 2737' fall back equates to 95 bbls of foamed cement slurry. There are very few permeable zones in the lower part of the well that are thief candidates for this fluid. The SP curve indicates some permeability from 11525-60' in the Morgan Fm near TD, but the low porosity in that zone precludes significant imbibition of fluid. The naturally fractured sections of Navajo and Wingate formations that provided strong mud gas shows may have taken some cement which is problematic. Multiple, wet, high permeability and high porosity sandstone layers were intersected in the upper Mesaverde Group from 3600' to 4025' which may have initiated the fluid loss in combination with the lower zones although they are now above the indicated top of competent cement.

Completion Operations:

4-20-06: MIRUSU (Peak) to support cased hole logging operations. Cased hole logging completed and effective plug back TD determined to be 11395' with gauge ring survey 4-22-06. No further well clean out required.

4-24-06: 2.875" tubing string delivered to site and Peak crew NU BOP and TIH w/tubing.

4-25-06: Swabbed cement displacement fluid from casing to near 10000' and Peak rig put on standby.

Test of lower part of upper Wingate zone:

4-28-06: TOOH w/tubing; RU HES perforators and their lubricator on BOP to perforate 10861.5-77.5' (16') and 10844-60' (16') using 4" casing guns loaded 4 spf (38.5 grams), phased 90° in one run; Upon firing the lower 16' casing gun (perforated 10861.5-77.5') the wireline weight dropped 1,000 pounds and the combined assembly began moving up hole precluding firing the upper 16' gun; Assembly stuck in casing and tangled wireline near the fluid level around 9,800'; Gas pressure built to 200 psi in casing in 45 minutes and could not be blown down sufficiently to allow diesel fuel to be poured into the casing head connection to facilitate loosening the stuck equipment. Pump and flat tank were not due on site until 4-29-06 and was not available to help resolve this problem. Wireline was pulled free leaving casing gun and 200' of wireline in the hole. The last 2,300' of recovered wireline was badly damaged. RD and released HES perforators;

4-29-06: Casing pressure 300 psi; Blew well down in a few minutes; TIH w/shock sub on tubing, found casing gun at 9763'; Added 80 bbls KCl water to casing and gun began to move; Combined weight of tubing string and adding more KCl water plus pressuring casing up to 4,000 psi with pump moved casing gun to 10222' (459'); Casing gun seemed to "fall" through up to two casing joints at a time in several instances but still remains very tightly entangled in the wireline within the casing; Top of casing gun remained 640' above the top perf near 10862' when the crew left for the day needing more water. Crew was off 4-30-06 for Sunday. Evaluating problem of decentralized casing in Wingate perf site area and possible channeling of cement in the annulus from 11115' to 10750' which is assumed to be the primary source of (hydrostatic?) pressure released by the first perforating operation;

5-1-06: Tubing pressure 230 psi and casing pressure 240 psi; Casing gun moved down to 10415', 447' above perfs, but decision was made to attempt to fish the casing gun rather than continue the process to push same into rathole beneath the lowest perf site; TOOH w/shock sub and tubing and prepare to pick up jar and overshot;

5-2-06: TIH w/jar and overshot and tagged casing gun by 1100 hrs; Six attempts were made to screw on to top of fish and begin to TOOH, but all failed near the same point when 10,000 pounds of string weight over-pull was attained; Decision was made to TOOH, lay down first overshot and TIH with larger diameter tool;

5-3-06: TIH w/jar and larger overshot; Attempts to screw onto top of fish resulted in the casing gun moving down hole to near 10500' by 1100 hrs; TOOH to add spear to overshot to use in attempt to wind up cable;

5-4-06: TIH w/jar, overshot and spear; Reached fish, worked tools and TOOH appearing a little heavy by the weight indicator, but came up with nothing;

5-5-06: TIH with bumper sub and jar on 10 drill collars and pushed casing gun to 11098'; TOOH to lay down drill collars, jar and bumper sub;

5-6-06: TIH w/packer on tubing, set at 10810' (middle of 4' packer), tensioned tubing from packer to 15,000 pounds and swabbed tubing down to 9300' in 8 runs; The last two runs were made from 10500'; No flammable gas shows were encountered and total fluid recovery was 90 bbls, 27 bbls over tubing volume;

5-7-06: Tubing pressure was 200 psi at 1200 hrs with fluid level unknown;

5-8-06: Tubing pressure was 280 psi at 0700 hrs with fluid level at 3000'; Swabbed well down to 10500'; Fluid entry between last two swab runs one hour apart was 200'; Water sample retrieved on last run analyzed with following results: SG 1.060; Test temp 68.2° F; pH 6.28; Resistivity 0.082 Ω*m; Iron 100 mg/L; Potassium 5,500 mg/L; Chlorides 52,378 mg/L; Calcium 2,533 mg/L; Magnesium 324 mg/L; Sulfates 500 mg/L; Carbonates 0 mg/L; Bicarbonates 830 mg/L; Sodium (calculated) 27,741 mg/L; TDS 89,906 mg/L indicated presence of lost mud filtrate due to elevated Potassium levels; Released tension on tubing and pressured annulus to 1,000 psi to stabilize packer; HES on site at 1130 hrs to pump breakdown of perfs (64 0.45" holes) with 2,000 gallons of inhibited 15% HCl acid diverted with 200 frac balls; Dropped 50 frac balls, caught pressure with pump rate 5 bpm 3,000 psi and immediately thereafter balled off perfs reaching 8,630 psi; Surged off frac balls, continued pumping, dropped 50 frac balls, balled off for second time, surged balls off and repeated same events two more times; ISIP was 1,253 psi, 881 psi at 5 minutes, 739 at 10 minutes and 631 psi at 15 minutes; Indicated frac gradient was 0.55 psi/ft but suspect due to fast, effective ball action; 14 perfs were not communicating possibly due to placement across from severely washed out sections or tight streaks; Overall behavior consistent with channel in annulus; RD HES pump at 1545 hrs; Job and flush included 127 bbls plus 15 bbls to surge off frac balls for a total load to recover of 142 bbls; SI overnight;

5-9-06: Tubing pressure was 0 psi at 0700 hrs with fluid level at 900'; Swabbed well in to evaluate behavior; The 7th run found fluid at 6000', was pulled from 8500', produced fluid with pH 8 at the front of recovery and 4 at the back indicating first recovery of spent acid after 63 bbls tubing volume had been recovered; The cumulative recovered after the 7th run was 77.5 bbls; The 8th run was made after a one hour delay and found fluid level at 5300', was pulled from 7400' with pH values of 7 at the front and 8 at the back of the recovery; The 9th run found fluid at 6500', was

pulled from 8500', produced pH values of 7 at the front and 6 at the back and the cumulative volume recovered reached 96.6 bbls; The well began to unload gas cut spent acid water on the 10th run; When the 13th (last) run was completed by 1530 hrs and the well had been swabbed down to 10500', gas flow was sustained and fluid flow ended with a total recovery of 142 bbls; SI overnight to monitor pressure buildup;

5-10-06: Tubing pressure was 150 psi at 0700 hrs with fluid level at 6000'; Swabbed 30 bbls of water by 1030 hrs, 66 bbls by end of day with no show of flammable gas; Cumulative fluid recovery 208 bbls;

5-11-06: Tubing pressure was 110 psi at 0700 hrs with fluid level at 7000'; Made several swab runs and collected water samples from pulls from 8500' and 9300'; The results of water analysis from the last run were: SG 1.068; Test temp 73.7° F; pH 5.81; Resistivity 0.076 Ω*m; Iron 200 mg/L; Potassium 5,000 mg/L; Chlorides 60,710 mg/L; Calcium 9,135 mg/L; Magnesium 690 mg/L; Sulfates 710 mg/L; Carbonates 0 mg/L; Bicarbonates 940 mg/L; Sodium (calculated) 25,320 mg/L; TDS 102,700 mg/L; The salient differences between this water sample and the pre-breakdown sample (collected and reported above on 5-8-06) were lower pH, more iron, much more Calcium and more overall TDS; The Potassium concentration was high enough to indicate the continued presence of mud filtrate and/or breakdown flush water; The packer was equalized, released and TOH from 10810'; After packer was laid down, a cement retainer was made up on the tubing, TIH and set at 10841';

5-12-06: Stung tubing into retainer and pumped 10 bbls of Class G cement slurry mixed from 50 sacks to yield 1.15 cubic feet/sack; Squeeze pumping rate was 0.5 bpm with a pressure build to 1,800 psi, break back to 1,000 psi and ISIP 1,300 psi; Stung out of retainer with no leak-off; Circulated 1.5 hole volumes while reciprocating tubing above retainer and TOOH 5 stands; SI while cement cured for next two days;

5-15-06: Stung tubing into retainer, pumped up to 1,000 psi and monitored leak-off in 10 minutes; Repeated leak-off test with similar results; Established a pump rate of 2.1 bpm into squeeze perfs with pressure stable at 1,800 psi; Requested design of second squeeze of another 75 sacks; SI and Peak rig moved off to SRU #7;

5-16-06: Peak rig moved back; Well SI;

5-17-06: Stung tubing into retainer and established a pump rate of 2.3 bpm into squeeze perfs with pressure stable at 2,000 psi; Stung out of retainer, mixed cement and pressure tested surface lines to 6,000 psi; Stung tubing back into retainer and pumped 15 bbls of Class G cement slurry mixed from 75 sacks to yield 1.15 cubic feet/sack; Squeeze pressure reached 2,000 psi and tubing was stung out of retainer to leave cement over the tool; Circulated hole clean and TOOH five stands by 1200 hrs;

5-18-06: Swabbed fluid level to 7800' in preparation for perforating upper Wingate zone; Tagged top of cement over retainer to verify 10835' depth of current PBTD and TOOH; Peak crew put on standby until 5-20-06;

Test upper part of upper Wingate zone:

5-20-06: A simplified perforating plan was accepted to streamline the testing of the upper Wingate zone and place under 100 perforations over a gross interval of less than 80' within the areas where the mud gas shows were waxing to greater than 2,000 units and 3,000 units; Perforated 10804-14' (10') and 10760-80' (20') using three 3.375" by 10' casing guns loaded 3 spf (24 grams), phased 120° in two runs for a total of 90 0.48" holes over a 54' gross interval; Fluid level was located at 7480' on first run and was unchanged on second run; No shows; RD perforators and released at 1300 hrs; TIH w/packer and tail pipe on tubing and plan to set packer at 10712' with bottom of tail pipe at 10744', 16' above the top perf; Power tongs jammed at 1300 hrs causing delay for repair with packer 1200' above set point; Set packer as planned, found fluid level unchanged at 7480' and made one swab run from 10000' and recovered 13 bbls; No shows; Fluid level estimated to be near 9726' after swab run; SI for pressure buildup at 1830 hrs;

5-21-06: No measurable pressure buildup from perforations; No shows; Due to suspected high pressures developed during long string cementing operations and subsequent cement squeeze operations a breakdown treatment may be the only way to connect the perfs with undamaged formation;

5-22-06: Fluid level 5000' indicating 4726' of estimated fluid influx (27 bbls) in 36 hours; No measurable pressure buildup; Swabbed tubing dry by 1030 hrs with no shows; Made another swab run for a water sample at 1215 hrs, but tubing was still dry; Either the fluid influx rate declined over the 36 hour period or the 13 bbl recovery estimate from 5-20-6 was off; Several attempts were required to reset packer from tensioned to 1,000 lbs compression under tubing weight and caused delay of several hours; Packer was reset successfully at 10679' with the end of the tail pipe at 10711' 49' above top perf; Filled annulus with 4% KCl water and pressured up to 1,000 psi to stabilize packer; HES pumped breakdown through upper Wingate perfs 10760-814' gross through the 90 0.38" holes; Treatment was composed of 2,000 gallons of inhibited 15% HCl acid diverted with 135 frac balls dropped in three groups of 30 and final group of 45; Maximum rate was 6.7 bpm and maximum pressure 3,500 psi with no recognizable breaks and very subtle ball action; Average rate was 6.7 bpm and average pressure 3,000 psi; SD pressure 3,384 psi, ISIP 1,300 psi, 5 min 879 psi, 10 min 750 psi and 15 min 668 psi; Calculated frac gradient 0.56 psi/ft; 47 bbls acid stage was flushed to the perfs w/73 bbls 4% KCl water for a total of 120 bbls; RD pump and released at 1630 hrs; SI overnight;

5-23-06: Tubing full and pressure 50 psi; Made two runs and got fluid level down to 5000' by 0830 hrs; Crew delayed with stuck swab assembly and after replacing cups

found fluid level at 4300' by 1000 hrs; Resumed runs and got fluid level down to 6200' by 1130 hrs when crew stopped to adjust brake bands; After recovery of 83 bbls the pH of fluid increased from low of 1 up to 6; Recovered 117 bbls by 1400 hrs with flows of non-flammable (acid reaction) gas; 13th run made from 10500' and after a 20 minute wait 14th (last) run found fluid level at 9000'; This 1500' (8.7 bbls) infill in 20 minutes seemed to be an upward break point equating to an accelerating fluid influx rate of 26.1 bbls/hr or 626.4 bbls/day; The formation may be nearing a breakthrough to flow; Recovered 145 bbls with final pH 7, a few barrels short of the treatment plus water dropped from backside during packer reset on previous day prior to breakdown; No shows, but unless the squeezed area is still producing water up an annular channel, the target formation at the perfs should begin to yield native fluid and gas; SI overnight;

5-24-06: Fluid level 4400' and tubing pressure 20 psi; Fluid influx of 6100' (35.3 bbls) in 14 hrs equates to an influx rate of 2.5 bbls/hr or 60.5 bbls/day; The fluid level was swabbed down to 9000' by 1030 hrs and from then until 1330 hours subsequent swab runs found the fluid level nearly unchanged; Pebbles and steam flows punctuated post-swab flows; Completed 12 runs and recovered 132 bbls; After the tubing was loaded with 35 bbls of 4% KCL water and the packer unloader valve was opened to dump the backside water volume of 162 bbls into the well, it went on a vacuum and the next swab run found the fluid level still back down at 8000'. Made 4 more runs and recovered another 21 bbls by 1610 hrs for daily total of 153 bbls; This situation may indicate that the tubing fill and backside water (167 bbls) filled the annular channel that had been evacuated by the original fluid being removed by swabbing and the remainder flashing to steam due to the 240°F formation temperature indicated on the CAST-V log; No shows; It appears that the annular channel has been re-established despite the cement squeeze operations and is yielding water from the lower Wingate; The logical steps to remediate this problem have been taken and it is insurmountable within the framework of a reasonable and prudent budget to complete the well; A water sample has been collected for analysis; If the water is similar to previous samples with specific gravity 1.068, the morning 6360' fluid column with hydrostatic pressure gradient .4628 psi/ft on the top perf at 10760' plus the 20 psi tubing pressure indicates a formation pressure of 2963 psi; This pressure is 550 psi low to expectations at this depth in this region (where the pressure gradient in the lower Jurassic section is typically at least 0.30 psi/ft) and implies a highly damaged and torturous pathway from the formation to the wellbore; The existing upper Wingate perforations are not communicating directly with the formation in the gas show zone;

5-25-06: Fluid level 8800' and tubing pressure 35 psi; 1700' (9.8 bbls) of fluid entry overnight since the last run from 10500' yesterday; The fluid level rose to the range where it seemed to stabilize during swabbing yesterday between 8000 and 9000'; This static fluid level does not reflect the expected formation pressure; No shows; Despite the continued existence of the annular channel it does not seem to be plumbed into the aquifer at this point; Apparently the cement squeeze did seal the root of the channel off; TOOH w/tubing and packer; SDFN

Test of Navajo zone

5-26-06: 3.375" guns will be used due to unavailability of 4" guns despite the last minute change of plans to attempt to use the most powerful perforating tools possible; The CAST-V cement bond log indicated good cement integrity above 10756' and on up through the Navajo perf sites; No further problems with the cement sheath expected; Casing pressure 50 psi and blowdown burned with blue flame; RU perforators and their lubricator on BOP and set a cement retainer (HES EZ Drill SVB squeeze packer) at 10680' (top) to be used for pump-in testing of upper Wingate zone and cement sheath; Cement retainer run found fluid level 7950', 2516' above the shallowest perf site; Perforated 10514-22' (8'), 10496-10' (14'), 10478-92' (14') and 10466-74' (8') using 3.375" casing guns loaded 3 spf (24.0 grams), phased 120° in two runs; Fluid level after first run had risen 200' to 7750'; Blew down lubricator through flow line to pit and flared gas off; RD perforators and released at 1445 hrs; High winds hampered work to TIH with packer and tubing; TIH w/packer on tubing, tagged up on cement retainer, came back out and set at 10414' (no tail pipe was run); Pulled 4,000 lbs tension on packer and began to RU swab at 1830 hrs; Possible fluid level near 6500'; Made two swab runs and recovered 12.5 bbls; Last run from 10200'; No shows; SI for pressure buildup.

5-28-06: No pressure on tubing gauge at 1800 hrs; Opened with slight blow; Fluid level unknown.

5-30-06: No pressure on tubing gauge at 0700 hrs; Opened with slight blow; Found fluid level 8800', made one run and recovered 7 bbls without shows; Waited one hour, made second swab run with no recovery; Released tubing tension on packer, stacked tubing on same, filled tubing/casing annulus (backside) with 3% KCl water, pressured up to 1,000 psi and held pressure; At 1400 hrs bled down backside, tensioned tubing and made third swab run with no recovery and no shows; Perfs are not open and will require breakdown to evaluate; Pump scheduled to begin breakdown treatment at 1000 hrs 5-31-06.

5-31-06: No pressure on tubing gauge at 0700 hrs; Found fluid level 9900', made one swab run and recovered 1.5 bbls without shows; Released tubing tension on packer, placed tubing in compression and pressured annulus to 2,000 psi to stabilize packer; RU HES pump at 1000 hrs and by 1200 hrs started pumping breakdown through Navajo perfs 10466-522' gross (132 0.48" holes) with 4,000 gallons of inhibited 15% HCl acid diverted with 200 bio-degradable frac balls; Frac balls were dropped in groups of 50 beginning after 23 bbls of acid stage was pumped; Maximum rate was 5.6 bpm and maximum pressure 2,519 psi; Broke at 1,490 psi with very subtle ball action; Average rate was 5.5 bpm and average pressure 2,300 psi; SD pressure 2,475 psi, ISIP 1,250 psi at 1252 hrs, 5 min 927 psi, 10 min 802 psi and 15 min 724 psi; Calculated frac gradient 0.56 psi/ft; 95 bbls acid stage was overflushed w/93 bbls 3% KCl water second stage and that was flushed to the perfs with 62 bbls 3% KCl water

(tubing capacity) for a total treatment volume of 250 bbls; RD pump and released at 1430 hrs; Pump pressure remained steady throughout job and the treatment seemed to be going in the zone despite the low calculated frac gradient; Tubing pressure at 1430 hrs was 400 psi; SI overnight;

6-1-06: Tubing pressure was 50 psi at 0700 hrs; Bled down tubing, made 8 swab runs by 1100 hrs and recovered 101 bbls load fluid without shows; Waited 1 hour to make 9th run at 1200 hrs and found fluid level had risen 500' (3 bbls) from 10300' to 9800'. Rig air failed with the swab in the hole and operations were suspended to repair the compressor; Additional information from the 8 completed runs was after the 5th run cumulative recovery was 63 bbls (tubing volume) and pH of fluid was 8 (weak base typical of 3% KCl water), after the 6th run recovery totaled 76 bbls with pH 1 (strong acid), after 7th run recovery was 88 bbls with pH 1 and after the 8th run recovery was 101 bbls with pH 3; The pH values indicate that some of the recovered acid failed to react with compounds that would be expected to dissolve in HCl acid such as calcite or cement filtrate residue; The Navajo Ss is not expected to be very reactive to HCl acid since it is cemented with silica and iron compounds, but fracture networks in the formation should contain calcite and cement filtrate residue which need to be opened to allow gas flow; Rig was made temporarily operable late in the day, made two more swab runs and recovered 24 bbls with pH 4 and 125 bbls cumulative of the 250 bbls used for BD treatment; Fluid level had risen from 10300' after the 8th run at 1035 hrs to 5000' at the 10th and last run late in the afternoon (30.5 bbls infill in 6+ hrs); No shows; SDFN and SI;

6-2-06: Tubing pressure 120 psi; Bled down tubing with no shows of flammable gas; Swabbing operation delayed by rig repair; Fluid level 2300' on 1st run at 1145 hrs indicating formation pressure slightly greater than 3,700 psi based upon 8164' fluid column with hydrostatic pressure gradient of about 0.44 psi/ft plus tubing pressure; Recovered 62 bbls (pH 4 to 5) in 6 runs by 1400 hrs and had reduced the fluid level to 10300'; Work was delayed to repair the rig compressor until 1645 hrs when the 7th run found fluid level at 6800'; Made 8 runs total and recovered 77 bbls and cumulative 202 bbls of 250 bbls from BD treatment; No shows; SDFWE and SI.

6-5-06: Tubing pressure 100 psi as of 0730 hours; Bled down tubing with no shows of flammable gas; Fluid level 3000' and influx over 63 hours of 7300' (42 bbls) just short of the 48 bbls of BD treatment fluid left to recover; Indicated formation pressure today is about 3,385 psi; Made 5 swab runs by 1035 hours and recovered 57.75 bbls of fluid; The first 2 runs were gassy, but the gas was non-flammable (acid reaction gas); Three more swab runs were made from 10300' at one hour intervals until 1235 hours but the fluid recovery diminished to 4.5 bbls on the final run; Cumulative fluid recovery for the day was 72.5 bbls and 24.5 bbls more than the BD treatment; Two water samples were caught, and the one with the highest pH and lowest dissolved iron content analyzed as follows: SG 1.078; Test temp 75.7° F; pH 5.18; Resistivity 0.072 Ω*m (0.026 Ω*m @ 230° F); Iron 1,000 mg/L; Potassium 3,500 mg/L; Chlorides 69,640 mg/L; Calcium N/A; Magnesium N/A; Sulfates 500 mg/L; Carbonates 0 mg/L;

Bicarbonates 140 mg/L; Sodium (calculated) 27,760 mg/L; TDS 114,935 mg/L; This sample still indicates the presence of introduced fluids in the Navajo because of the elevated level of Potassium; The lack of flammable gas shows precludes risking further expenditures on stimulation unless conditions change dramatically prior to resumption of operations to test the Cedar Mtn/Dakota zones; RDMOSU in the afternoon;

6-8-06: MIRUSU; No pressure on tubing since the well had been left open (through an oversight) since the crew moved off in the afternoon of 6-5-06; Found fluid level at 2800' indicating formation pressure at the top of the Navajo perfs (10466') of approximately 3,580 psi using the specific gravity of 1.078 from the water sample analysis to determine the pressure gradient of 0.467 psi/ft; Made one swab run and recovered 11 bbls of water without shows;

6-9-06: No pressure on tubing and found fluid level at 3000'; Swabbed well at one hour intervals with fluid influx of 800' per hour (4.6 bbls per hour); No shows; Recovered last Navajo water samples and analysis of final sample was: SG 1.077; Test temp 75.8° F; pH 6.16; Resistivity 0.074 Ω*m (0.027 Ω*m @ 230° F); Iron 1,150 mg/L; Potassium 3,000 mg/L; Chlorides 66,365 mg/L; Calcium 13,600 mg/L; Magnesium 1090; Sulfates 470 mg/L; Carbonates 0 mg/L; Bicarbonates 1020 mg/L; Sodium (calculated) 24,340 mg/L; TDS 110,955 mg/L; Released packer at 1100 hours and began TOOH w/packer and tubing in preparation for abandonment of Navajo zone and begin testing lower Cedar Mountain zone; SDFN;

Completion of lower Cedar Mountain zone

6-10-06: Mechanical problems (tongs and brake bands) delayed work; TOOH w/tubing and packer was completed; RU perforators and their lubricator on BOP, found fluid level at 3360' and set a CIBP at 9860' to permanently abandon the Navajo zone; Perforated 9625-43' (18') using 3' and 15' by 4" casing guns loaded 3 spf (38.5 grams), phased 120° in one run; When the 3' gun section was fired first at 9640-43', it bounced and the wireline lightened by several hundred pounds; The second gun section was fired without reaction; RD perforators and released; TIH w/packer on tubing was suspended about halfway in; SDFWE;

6-12-06: TIH w/packer on tubing was completed, packer was set at 9560', tubing tensioned and annulus was filled with 3% KCl water; RU swabbing gear and fluid level was found at 3000' on the 1st run at 1000 hours; Tubing was swabbed down in four runs with recovery of 33 bbls without shows; 5th swab run was made at 1330 hours after a two hour wait and no further entry of fluid or gas was found; Released tension on packer, added 15,000 lbs compression from tubing and pressured annulus to 1,500 psi to stabilize packer; RU HES pump at 1320 hrs and by 1520 hrs started pumping breakdown through Cedar Mountain perfs 9625-43' (54 0.45" holes) with 2,000 gallons (48 bbls) of inhibited 15% HCl acid diverted with 110 bio-degradable frac balls; Frac balls were dropped beginning after 10 bbls of acid stage was pumped

in groups of 25 and final group of 35; Maximum rate was 7.0 bpm and maximum treating pressure 7,352 psi; Broke at 1,522 psi and 3,838 psi and balled off with 84 bbls pumped; Average rate was 6.5 bpm and average pressure 4,000 psi; SD/ISIP 4,160 psi at 1605 hrs, 5 min 2,317 psi, 10 min 2,150 psi and 15 min 2,040 psi; Calculated frac gradient 0.71 psi/ft; 48 bbls acid stage was overflushed w/247 bbls 2% KCl water as a second stage; Total volume pumped was 300 bbls but 5 bbls went into the pit when the frac balls were surged off the perfs; RD and released pump at 1630 hours; Tubing pressure was 950 psi at 1737 hours; SI overnight;

6-13-06: Vacuum on tubing; Bled off casing pressure and reset tension on packer with tubing; 1st swab run found fluid level at 1600'; Recovered 59 bbls by 0910 hours after 5th run; 6th swab run found fluid level at 6300' and released first flammable gas show with 74 bbls of fluid recovered (pH 4); 7th run found fluid at 7300' and was pulled from 9450' (110' above the seating nipple); 18 runs were made by the end of the day with recoveries varying between 1.75 and 9.25 bbls per run depending upon delays between runs due to swab cup and oil saver rubber replacements; 138 bbls of 295 bbls of breakdown load fluid were recovered; Flammable gas flow was sustained after the 6th run and all subsequent pulls were started from 9450'; SDFN and SI;

6-14-06: Tubing pressure 310 psi with fluid level at 5200'; Overnight fluid influx from last swab point at 9450' was 4250' (24.6 bbls) indicated good formation participation through the perfs; The 4425' column of fluid over the top perf at 9625' plus 5200' column of gas plus surface tubing pressure indicated formation pressure near 2,500 psi; 31.5 bbls with gas shows were recovered after 3 swab runs completed by 0900 hours; Four more runs were made by 1300 hours when operations were suspended due to high winds; 15.75 bbls of fluid were recovered on those runs that indicated fluid influx was diminishing while the gas flow was increasing; High winds failed to extinguish the flare; 185 bbls of 295 bbls of breakdown load fluid recovered with 110 bbls left in the zone; SDFN and SI;

6-15-06: Tubing pressure 450 psi with fluid level at 7000'; Overnight fluid influx from last swab point at 9450' was 2450' (14.2 bbls) indicated diminishing fluid production; The 2625' column of fluid over the top perf at 9625' plus 7000' column of gas plus surface tubing pressure indicated formation pressure near 1,950 psi; 41 bbls of gas cut fluid with consistent gas flow were recovered in 7 swab runs by 1200 hours; Cumulative recovery since the breakdown treatment was 226 bbls of 295 bbls (69 bbls remain to be recovered); The service unit needed on the SRU #7 and to set that up, the packer was released at 1230 hrs; 10 more swab runs were made to recover 134.5 bbls; Most of this fluid was dumped from the annulus (145 bbls) when the packer was released; Both the tubing and casing were equipped with gauges; SDFN and SI;

6-16-06: Tubing pressure 250 psi, casing pressure 75 psi with fluid level at 5600'; Overnight fluid influx from last swab point at 9500' was 3900' (22.6 bbls) that included 10.5 bbls of the backside fluid that was not fully recovered by the late swab runs 6-15-06; The 4025' column of fluid over the top perf at 9625' plus 5600' column

of gas plus surface tubing pressure indicated formation pressure near 2,300 psi; The inventory of introduced fluid to recover (from the breakdown and packer release) at the beginning of this swabbing session was 79.5 bbls; Nine swab runs were made with a total recovery of 83.1 bbls or 3.6 bbls over introduced inventory; The fluid influx was 600' (3.5 bbls) in 30 minutes after the 8th run but had decreased substantially from 1500' after the 5th run, 1300' after the 6th run and 800' after the 7th run in similar time periods; The water production was definitely decreasing, but is still high; A water sample was collected from the last run for analysis to check the chemistry; Pulled and laid down excess tubing inventory and ran tubing stands in the derrick back in the hole to near the previous setting of 9625'; RDSU, SDFWE and SI;

6-19-06: Tubing pressure 900 psi, casing pressure 400 psi with fluid level unknown; Service unit moved out to SRU #7; SI;

6-20-06: Tubing pressure 1,050 psi, casing pressure 450 psi with fluid level unknown; SI;

6-21-06: Tubing pressure 1,250 psi, casing pressure 550 psi with fluid level unknown; SI;

6-22-06: Tubing pressure 1,300 psi, casing pressure 575 psi with fluid level unknown; SI;

6-23-06: Tubing pressure 1,400 psi, casing pressure 600 psi with fluid level unknown; SI;

6-26-06: Tubing pressure 1,600 psi, casing pressure 700 psi. MIRUSU (Peak) and blew well down to allow installation of lubricator; First swab run failed to determine fluid level in highly gas cut fluid and recovery was difficult to estimate (2 bbls?); Second swab run found fluid at 4500' and recovered 3000' (17.4 bbls) of fluid after a delay to repair broken drive chain; Third swab run found fluid at 4550' and recovered 1000' (5.8 bbls) of fluid; The fourth and final swab run was made from the seating nipple and recovered 2500' (14.5 bbls) for a total recovery to the flat tank of 39.7 bbls that seemed to balance if the first run recovered about 2 bbls; The zone has yielded a total of 43.3 bbls over load since last swabbing 6-16-06; SDFN and SI;

6-27-06: Tubing pressure 250 psi and casing pressure 700 psi; Blew tubing down, made first swab run and recovered 1000' (5.8 bbls of fluid); Fluid level was estimated to be near 5000' in highly gas cut fluid; Well kicked off flowing on 4th swab run as the backside came around; Temporarily rigged to flow well to pit on 1" choke and flared gas; Started flow on 1" choke with flowing TP 310 psi and CP 440 psi; Flow died after 1 hour; Flow was redirected to flat tank to measure fluid recovery; Between swab runs after 1400 hours, the flow line was rigged with a 12/64" choke to determine flow rate and TP ranged from 80 to 100 psi on 30 minute flow tests with rates of 40 to 54 Mcf per day; Total recovery for the day after nine swab runs (including two dry

runs) was 38 bbls and the zone has yielded a total of 81.3 bbls over load since 6-16-06; Two water samples were caught, one in the morning and one in the afternoon; The water chemistry was very similar between the samples, and the latest one analyzed as follows: SG 1.021; Test temp 72.3° F; pH 5.62; Resistivity 0.31 Ω*m (0.11 Ω*m @ 210° F); Iron 1,500 mg/L; Potassium 3,250 mg/L; Chlorides 15,625 mg/L; Calcium 3,935 mg/L; Magnesium 850 mg/L; Sulfates 315 mg/L; Carbonates 0 mg/L; Bicarbonates 305 mg/L; Sodium (calculated) 2,360 mg/L; TDS 28,135 mg/L;SDFN and SI;

6-28-06: Tubing pressure 340 psi and casing pressure 325 psi; Blew tubing down and made first swab run with fluid level estimated with very little confidence to be near 7800' in highly gas cut fluid; Four swab runs were made with fluid recoveries of 5.8 bbls, 3 bbls, 2.5 bbls and 1.2 bbls for a total recovery of 12.5 bbls and grand total of 93.8 bbls over load since 6-16-06; RDSU and SI;

6-30-06: Tubing pressure 500 psi and casing pressure 600 psi at 1400 hours; SI;

7-13-06: Tubing pressure 1,800 psi and casing pressure 1,350 psi reported by pumper;

8-4-06: Tubing pressure unknown due to stuck valve and casing pressure 1,650 psi reported by pumper;

8-8-06: Tubing pressure 1,800 psi and casing pressure 1,650 psi; MIRU Peak service unit, bled well pressure down by flowing to pit; Made three swab runs and recovered 10 to 12 bbls highly gas cut water with no apparent entry of water after second and third runs from seating nipple while flowing to pit; SI and SDFN for pressure buildup;

8-9-06: Tubing pressure 700 psi and casing pressure 580 psi; Possible fluid level near 7400' in highly gas cut water with total volume of 12.9 bbls; Made one swab run and recovered 5 bbls water; Well kicked off flowing when backside came around on second swab run (made from seating nipple); Flowed for 2 hours with a total estimated water recovery for the day of 6 to 8 bbls; TOOH w/tubing; Laid all tubing down in preparation for CO2 foam frac designed based upon lower Cedar Mountain zone breakdown data; SI;

8-11-06: Three-stage frac stimulation amended to place 70,000 lbs of proppant in the lower Cedar Mtn zone and each of the two overlying zones;

8-12-06: 0600 hrs RU pumping equipment with perforators standing by on location; 1000 hrs began pumping frac to lower Cedar Mountain zone perfs; 1020 hrs frac screened out with 23,000 lbs proppant in formation and 29,000 lbs in casing; Frac backed up as 3 ppg slurry hit perfs; 1030 hrs began flowing well back to pit to surge proppant out of casing; 1200 hrs picked up sinker bar on wireline, TIH and tagged proppant at 9828' 32' above CIBP at 9860' and 203' below top perf in lower Cedar Mtn zone; 1600 hrs after delay for lightning picked up composite plug and perforating

gun on wireline, TIH, got stuck at 2138' and TOOH and laid tools down; 1715 hrs picked up gauge ring and junk basket on wireline to wipe down casing, TIH, tagged proppant fill at 9804' and TOOH; 1815 hrs SDFN and SI with wireline and pumping equipment on standby on location;

Completion of upper Cedar Mountain zone

8-13-06: 0600 hrs picked up composite bridge plug and perforating gun on wireline, TIH, set composite plug at 9600', perforated 9540-58' (18') using 4" casing gun loaded 4 spf (38.5 grams), phased 90° in one run; TOOH, RD perforators and placed on standby; Stimulation plan amended to add 10,000 lbs of proppant left over from the first stage to each of the two remaining stages for a total placement of 80,000 lbs in each zone; 1030 hrs began pumping pad but pressure ramped up rapidly and forced SD prior to starting slurry in foam; Picked up gauge ring and junk basket on wireline to check proppant level in casing, TIH and found proppant near 9500' or about 40' over top perf in upper Cedar Mtn zone; 1630 hrs picked up notched collar on tubing and tubing off ground and TIH to wash proppant from casing;

8-14-06: 0400 hrs circulated casing clean with 210 bbls KCl water (105% tubing and casing volume) using HES blender pump; 0900 completed TOOH w/tubing; RU HES pumps and frac stimulated upper Cedar Mtn zone perfs (72 0.45" holes) w/601 bbls 70% quality CO2 foam carrying 82,315 lbs of 20/40 AcFrac (ceramic) proppant; Flushed w/25 bbls; ISIP 2,808 psi; 5 min=2,284 psi, 10 min=2,089 psi and 15 min=1,954 psi with frac gradient calculated 0.73 psi/ft; RD HES pumps and put on standby for stimulation of Dakota 1 and Dakota Silt zones;

Completion of Dakota 1 & Dakota Silt zones

8-14-06 (cont.): 1500 hrs RU HES wireline and TIH w/composite plug and perf guns and at 1700 hrs set composite bridge plug at 9500'; Perforated 9456-74' (18') using 4" casing gun loaded 4 spf (38.5 grams) phased 90° and 9394-98' (4') using 4" casing gun loaded 2 spf (38.5 grams), phased 180° in one run; RD perforators and released; RU HES pumps and at 1900 hrs frac stimulated Dakota 1 and Dakota Silt zone perfs (80 0.45" holes) w/407 bbls 70% quality CO2 foam carrying 74,100 lbs of 20/40 AcFrac (ceramic) proppant; Flushed w/25 bbls and pumped 500 gallon cap; ISIP 3,321 psi; 5 min=3,058 psi, 10 min=2,892 psi and 15 min=2,859 psi with frac gradient calculated 0.79 psi/ft; RD HES pumps and released;

8-14-06 (cont.): Began flow back at 1945 hrs on 10/64" choke with casing pressure (CP) 2,700 psi and an estimated 1,731 barrels of fluid (BF) along with non-flammable CO2 gas to recover from stimulation operations; Flow data reported below at beginning of each day and when choke settings were changed;

8-15-06: 0000 hrs CP 1,900 psi on 10/64" choke flowing CO2 and 18 BF per hour;

0400 hrs CP 950 psi on 12/64" choke flowing CO2 and 7 BF per hour; 0900 hrs CP 625 psi on 14/64" choke flowing CO2 and 5 BF per hour; 1000 hrs CP 620 psi on 16/64" choke flowing CO2 and 10 BF per hour; 2000 hrs CP 685 psi on 18/64" choke flowing CO2 and 7 BF per hour;

8-16-06: 0000 hrs CP 675 psi on 18/64" choke flowing CO2 and 11 BF per hour; 1000 hrs CP 610 psi on 20/64" choke flowing mixed gases at 1,500 Mcf per day and 11 BF per hour;

8-17-06: 0000 hrs CP 450 psi on 20/64" choke flowing mixed gases at 1,125 Mcf per day and 6 BF per hour; 1430 hrs CP 435 psi on 20/64" choke flowing 50-50 mixed gases at 1,085 Mcf per day and 2 BF per hour; The gas stream was not flammable yet at that point when the well was shut in to prepare for final completion work; Total fluid recovery was 566 bbls with an estimated 1,165 bbls remaining to be recovered; The last traces of frac proppant in the recovered fluid were reported at 0900 hrs 8-16-06; RU CHS wireline unit and their lubricator on BOP and set a solid composite bridge plug at 9160'; Began to TIH w/2.875" tubing to facilitate laying same down;

8-18-06: 0700 hrs continued TIH, TOOH and laid down 2.875" tubing;

8-19-06: PU 4.75" bit on pump-off sub below seating nipple and TIH on new 2.375" tubing string and tagged up on solid composite bridge plug at 9160'; SI and SD for Sunday;

8-21-06: RU power swivel and foam unit, drilled out all three composite bridge plugs and cleaned out to new PBTD 9810' in frac proppant above CIBP at 9860'; Circulated clean and set tubing at 9363'; Nippled down BOP, nippled up tree and set tubing in donut in tree; Dropped ball to pump off bit and circulated well with foam at 900 psi until it unloaded for flow testing; Lost 26 bbls water while drilling plugs; Flow testing began at 2100 hrs;

8-22-06: 0600 hrs TP 650 psi and CP 750 psi on 20/64" choke flowing mixed CO2 and methane at 1,600 Mcf per day and 2 to 4 bbls fluid per hour; Total fluid recovery at 0600 hrs was 588 bbls with total estimated load of 1,169 bbls left to recover; 1200 hrs **Initial potential test flow rate (six hours):** TP 700 psi and CP 800 psi on 20/64" choke flowing flammable gas (methane) at 1,725 Mcf per day and 0.5 bbls fluid per hour (12 bbls water per day and 0 bbls oil); Total fluid recovery at 1200 hrs was 596 bbls with total estimated load of 1,161 bbls left to recover; Well was SI for 4 hours until it was plumbed into sales line at 1600 hrs reading SITP 1650 psi and SICP 1650 psi indicating fluid level remained below the end of the tubing at 9363'; Sales flow conditions at 1700 hrs TP 1,450 psi and CP 1,450 psi on 12/64" choke flowing methane at 1,000 Mcf per day and 0 bbls of water; Producing.

8-23-06: 0900 hrs TP 1,380 psi and CP 1,380 psi on 12/64" choke flowing methane at 950 Mcf per day and 0 bbls of water; Producing.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49785
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER
8. WELL NAME and NUMBER: State 6-2-14-22
2. NAME OF OPERATOR: Summit Operating, LLC
9. API NUMBER: 4304737336
3. ADDRESS OF OPERATOR: PO Box 683909 CITY Park City STATE UT ZIP 84068
PHONE NUMBER: (435) 940-9001
10. FIELD AND POOL, OR WILDCAT: Undesignated
4. LOCATION OF WELL
FOOTAGES AT SURFACE:
COUNTY: Uintah
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 2 14S 22E S
STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☑ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Production began 8/22/2006

NAME (PLEASE PRINT) Marie Adams TITLE Operations

SIGNATURE Marie Adams DATE 10/24/2006

(This space for State use only)

RECEIVED
OCT 24 2006
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5.LEASE DESIGNATION AND SERIAL NUMBER: ML-49785

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
Gas Well

8. WELL NAME and NUMBER: STATE 6-2-14-22

2. NAME OF OPERATOR:
SUMMIT OPERATING, LLC

9. API NUMBER: 43047373360000

3. ADDRESS OF OPERATOR:
1245 Brickyard Road, Suite 210 , Salt Lake City, UT, 84106

PHONE NUMBER: 435 940-9001 Ext

9. FIELD and POOL or WILDCAT: SEEP RIDGE

4. LOCATION OF WELL
FOOTAGES AT SURFACE:
1981 FNL 1988 FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
Qtr/Qtr: SENW Section: 02 Township: 14.0S Range: 22.0E Meridian: S

COUNTY: UINTAH

STATE: UTAH

11.
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT Approximate date work will start:	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
☑ SUBSEQUENT REPORT Date of Work Completion: 9/25/2012	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
☐ SPUD REPORT Date of Spud:	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ DRILLING REPORT Report Date:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	☐ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☑ OTHER	OTHER: Spill Report

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Attached is the Incident Report Form for a spill that occurred at this well site. Details of the spill are included in this report.

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
December 17, 2012

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Crystal Hammer	435 940-9001	Geo Tech
SIGNATURE		**DATE**
N/A		12/14/2012

RECEIVED: Dec. 14, 2012

Reset Form

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INCIDENT REPORT FORM

1. Reporting Company: Summit Operating, LLC Phone: (435) 940-9001

2. Date of Incident: 09/25/2012 Time of Incident: 1:00 pm

3. Location: Qtr/Qtr SENW Section 2 Township 14S Range 22E County Uintah

UTM Coordinates: E. 635240.00 N. 4387718.00

4. Surface Lease Type: Federal ☐ State ☒ Indian ☐ Fee ☐

5. Well Name & Number: State 6-2-14-22 API Number: 4304737336

Battery Name:

Other Facility:

6. **TYPE OF INCIDENT**

Blowout ☐ Spill ☐ Break ☐ Leak ☒ Fire ☐ Bodily Injury ☐ Fatality ☐ Other:

7. **DESCRIPTION OF INCIDENT**

Volumes Spilled/Released:

Oil: 76 Bbls Produced Water: 40 Bbls Gas: 0 Mcf

Volumes Recovered:

Oil: 1 Bbls Produced Water: 0 Bbls

Time to Control Incident: Immediately upon discovery Contained on Lease? Yes ☒ No ☐

Other Lands Affected? Federal ☐ State ☐ Indian ☐ Fee ☐

Other Agencies Contacted? BLM ☐ EPA ☐ DEQ ☐ BIA ☐

How Incident Occurred:

A hole developed in a heat tracer line running through a water-condensate tank and partial contents of the tank leaked through the heat trace line and out the fill hole for heat trace fluid at the heat bath of the production unit. The volume of fluid leaked over a period of as much as four days. Total volume lost is based on tank gauges.

Other Detail:

The spilled condensate apparently evaporated rapidly or soaked away with the water about as fast as it leaked from the system. There was about 30 gallons of free standing liquid on the oil shale surface of this well location. All fluids were contained on location.

Method of Cleanup / Action Taken / Time Required for Cleanup:

The leak was isolated by shutting valves on the trace line and the damaged heat line bundle has been replaced. The limited amount of remaining spilled fluid was recovered and returned to the stock tank. The fluid saturated surface has dried and stained dirt has been removed as needed.

Reported by (please print) Ellis Peterson Title Senior Petroleum Engineer

Signature Ellis Peterson Digitally signed by Ellis Peterson DN: cn=Ellis Peterson, o, ou, email=ellis@summitcorp.net, c=US Date: 2012.12.12 15:50:57 -07'00' Date 12/12/2012

(5/2005)

RECEIVED: Dec. 14, 2012

INSTRUCTIONS

The Division of Oil, Gas and Mining shall be notified immediately of all fires, leaks, breaks, spills, blowouts, and other undesirable events occurring at any oil or gas drilling, producing, or transportation facility, or at any injection or disposal facility in accordance to the Utah Oil and Gas Conservation General Rule R649-3-32. Call 801-538-5340.

A complete written report of the undesirable event should be submitted on this form as soon as conclusive information is available.

Send to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

(5/2005)

RECEIVED: Dec. 14, 2012

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

5.LEASE DESIGNATION AND SERIAL NUMBER: ML-49785

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
Gas Well

8. WELL NAME and NUMBER:
STATE 6-2-14-22

2. NAME OF OPERATOR:
SUMMIT OPERATING, LLC

9. API NUMBER:
43047373360000

3. ADDRESS OF OPERATOR:
1245 Brickyard Road, Suite 210 , Salt Lake City, UT, 84106

PHONE NUMBER:
435 940-9001 Ext

9. FIELD and POOL or WILDCAT:
SEEP RIDGE

4. LOCATION OF WELL
FOOTAGES AT SURFACE:
1981 FNL 1988 FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
Qtr/Qtr: SENW Section: 02 Township: 14.0S Range: 22.0E Meridian: S

COUNTY:
UINTAH

STATE:
UTAH

11.
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT Approximate date work will start:	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
✓ SUBSEQUENT REPORT Date of Work Completion: 9/13/2013	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
☐ SPUD REPORT Date of Spud:	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ DRILLING REPORT Report Date:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	☐ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	✓ OTHER	OTHER: Leak Report

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Attached is the Incident Report Form for a spill that occurred at this well site. Details of the spill are included in this report. All fluids were contained on location. The limited amount of remaining spilled fluid was recovered and returned to the stock tank. The fluid saturated surface has dried and stained dirt has been removed as needed.

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
January 09, 2014

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Crystal Hammer	435 940-9001	Geo Tech
SIGNATURE		**DATE**
N/A		10/31/2013

RECEIVED: Oct. 31, 2013

Reset Form

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INCIDENT REPORT FORM

1. Reporting Company: Summit Operating, LLC Phone: (435) 940-9001

2. Date of Incident: 09/13/2013 Time of Incident: 10:30 am

3. Location: Qtr/Qtr SENW Section 2 Township 14S Range 22E County Uintah

UTM Coordinates: E. 635240.00 N. 4387718.00

4. Surface Lease Type: Federal ☐ State ☒ Indian ☐ Fee ☐

5. Well Name & Number: State 6-2-14-22 API Number: 4304737336

Battery Name:

Other Facility:

6. **TYPE OF INCIDENT**

Blowout ☐ Spill ☐ Break ☐ Leak ☒ Fire ☐ Bodily Injury ☐ Fatality ☐ Other:

7. **DESCRIPTION OF INCIDENT**

Volumes Spilled/Released:

Oil: 6 Bbls Produced Water: 54 Bbls Gas: 0 Mcf

Volumes Recovered:

Oil: 0 Bbls Produced Water: 0 Bbls

Time to Control Incident: Immediately upon discovery Contained on Lease? Yes ☒ No ☐

Other Lands Affected? Federal ☐ State ☐ Indian ☐ Fee ☐

Other Agencies Contacted? BLM ☐ EPA ☐ DEQ ☐ BIA ☐

How Incident Occurred:

The bottom of the tank had corrosion.

Other Detail:

All fluids were contained on location.

Method of Cleanup / Action Taken / Time Required for Cleanup:

A water truck from RN Industries gathered up spill and put it in a storage tank.

Reported by (please print) Ellis Peterson Title Senior Petroleum Engineer

Signature Ellis Peterson Digitally signed by Ellis Peterson DN: cn=Ellis Peterson, o, ou, email=ellis@summitcorp.net, c=US Date: 2012.12.12 15:50:57 -07'00' Date 10/31/2013

(5/2005)

RECEIVED: Oct. 31, 2013

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A complete written report of the undesirable event should be submitted on this form as soon as conclusive information is available.

Send to:

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1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

(5/2005)

RECEIVED: Oct. 31, 2013